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INTERNATIONAL PROBLEMS  
AND RELATIONS

A SERIES OF ADDRESSES AND PAPERS PRESENTED AT THE NATIONAL  
CONFERENCE ON INTERNATIONAL PROBLEMS AND RELATIONS,  
HELD UNDER THE AUSPICES OF THE CARNEGIE ENDOWMENT  
FOR INTERNATIONAL PEACE WITH THE COOPERATION OF  
THE ACADEMY OF POLITICAL SCIENCE IN THE CITY OF  
NEW YORK, AT BRIARCLIFF LODGE, MAY 10-14, 1926

EDITED BY  
JAMES THOMPSON SHOTWELL  
SAMUEL McCUNE LINDSAY  
AND  
PARKER THOMAS MOON

THE ACADEMY OF POLITICAL SCIENCE  
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## PREFACE

**A**NATIONAL CONFERENCE ON INTERNATIONAL PROBLEMS AND RELATIONS UNDER THE AUSPICES OF THE CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE, WITH THE COOPERATION OF THE ACADEMY OF POLITICAL SCIENCE, BEING THE SEMI-ANNUAL MEETING OF THE ACADEMY (FORTY-SIXTH YEAR), HELD AT BRIARCLIFF LODGE, BRIARCLIFF MANOR, NEW YORK, MAY 10 TO 14, AND AT THE HOTEL ASTOR, NEW YORK CITY, MAY 14, 1926.

The Conference was planned along similar lines and under the same auspices as that on *The Foreign Relations of the United States*, held at Long Beach, New York, May 28 to June 1, 1917.<sup>1</sup> Its aim, like that of its predecessor, was to create and diffuse in America a wider knowledge of the facts and a broader and more sympathetic interest in international problems and international relations.

The officers and directors of the Carnegie Endowment and of the Academy thought that this aim and purpose could be most economically and best achieved by inviting, in addition to specialists and publicists identified with the outstanding problems of international affairs, a few distinguished representatives of public opinion in foreign countries and a small but thoroughly representative group of American editors and journalists, to be the guests of the Conference and to participate in the informal and more intimate discussion at Round Tables as well as in the program of the larger General Sessions. The response to a similar invitation to the Long Beach Conference in 1917 and the results as revealed in the character of the discussion during that Conference, and subsequently for weeks and months in the daily press and periodicals of the country, gave assurance that this unusual feature of a national conference would be appreciated by the moulders of public

<sup>1</sup> See PROCEEDINGS of The Academy of Political Science, Vol. VII, No. 2 and No. 3, New York, July, 1917.

opinion in America and render a practically useful service under present conditions.

This expectation has been fully realized at Briarcliff. The essential conditions to success were the scrupulous observance of impartiality and the scientific spirit in every aspect of the program and in the informal as well as the formal discussions; the openly declared purpose to avoid propaganda of any kind; the emphasis put on the economic and social rather than the political phases of international questions; and the opportunities which the comfortable and secluded surroundings of Briarcliff Lodge as a place of meeting afforded to the speakers, specially invited guests and many members of the Academy and attendants at the Conference, during several days spent together, for the most informal exchange of views and the formation and strengthening of personal ties and friendships.

The following Committee on Program and Arrangements was appointed under a resolution adopted by the Trustees of the Academy with the approval of the President of the Carnegie Endowment and Director of its Division of Intercourse and Education:

#### COMMITTEE ON PROGRAM AND ARRANGEMENTS

SAMUEL McCUNE LINDSAY, *Chairman*

ALFRED C. BOSSOM	OGDEN L. MILLS
NICHOLAS MURRAY BUTLER	PARKER THOMAS MOON
O. K. DAVIS	DWIGHT W. MORROW
STEPHEN P. DUGGAN	GEORGE A. PLIMPTON
JEROME D. GREENE	WILLIAM L. RANSOM
THOMAS W. LAMONT	L. S. ROWE
HENRY GODDARD LEACH	E. R. A. SELIGMAN
JAMES G. McDONALD	ALBERT SHAW
V. EVERIT MACY	JAMES T. SHOTWELL
HOWARD LEE MCBAIN	PAUL M. WARBURG

Messrs. BUTLER, LINDSAY, SHOTWELL and MOON served as an Executive Committee of the Committee on Program and Arrangements and arranged the program of the five General Sessions and nine Round Tables, as follows:

## GENERAL SESSIONS

## FIRST GENERAL SESSION

MONDAY, MAY 10, 8:15 P. M., BRIARCLIFF LODGE

## TOPIC—Practical Ways and Means of Disarmament

NICHOLAS MURRAY BUTLER, *Presiding*  
*President, Columbia University; President, Carnegie Endowment for*  
*International Peace*

Address of Welcome on behalf of the Carnegie Endowment and the Academy  
of Political Science.

## 1. What is Meant by Security and Disarmament.

JAMES T. SHOTWELL, Director, Division of Economics and History,  
Carnegie Endowment; Professor of History, Columbia University.

## 2. The Objects and Extent of Peace-Time Military Organization.

GEN. TASKER H. BLISS, Chief of Staff, U. S. A., 1917; Member of  
Supreme War Council in France; Member of American Com-  
mission to Negotiate Peace, Paris, 1919, Washington, D. C.

3. The Relation of American Policy to Disarmament Elsewhere, with Special  
Reference to the Arms Traffic.

DAVID HUNTER MILLER, New York, Legal Adviser to American Com-  
mission to Negotiate Peace.

## 4. British Policy and Disarmament.

H. WILSON HARRIS, Parliamentary Sec'y., League of Nations Union,  
London; Editor of *Headway*; Dipl. Cor., *Daily News*, London.

## 5. French Policy and Disarmament.

GEORGES LECHARTIER, Editor, *Journal des Débats*, Paris.

## SECOND GENERAL SESSION

TUESDAY, MAY 11, 8:15 P. M., BRIARCLIFF LODGE

TOPIC—International Cooperation for the Promotion of Public  
Health and Social Welfare

ALFRED HOLMAN, *Presiding*  
*Editorial Writer, San Francisco, Cal.; Trustee, Carnegie Endowment*

## 1. The International Public Health Service.

DR. F. G. BOUDREAU, American Member, Health Section, League of  
Nations, Geneva.

## 2. The Organization and Significance of the International Labor Office.

DR. WILLIAM MARTIN, Editor, *Journal de Genève*, Geneva, Switzerland.

## 3. International Transit Problems.

WALKER D. HINES, Late Director General of Railroads; Arbitrator  
under Peace Treaties of Questions of River Shipping.

4. The Relation of the United States to the World Court.  
MANLEY O. HUDSON, Professor of International Law, Harvard University Law School, Cambridge, Mass.
5. International Child Welfare Problems.  
DAME KATHARINE FURSE, G.B.E., Head of Sea Guides, The Girl Guides Association, London, Eng.

### THIRD GENERAL SESSION

WEDNESDAY, MAY 12, 8:15 P. M., BRIARCLIFF LODGE

#### TOPIC—Relation of the Control of Raw Materials to Peace and Economic Prosperity

ROBERT S. BROOKINGS, *Presiding*  
*President, Institute of Economics, and Institute for Government Research,*  
*Washington, D. C.; Trustee, Carnegie Endowment*

1. Theory and Practice of National Self-Sufficiency in Raw Materials.  
GEORGE OTIS SMITH, Director, U. S. Geological Survey.
2. Economic Relations Between Raw Materials, Prices, and Standards of Living.  
L. L. SUMMERS, Consulting Engineer, New York; Technical Adviser, American Commission to Negotiate Peace; Technical Adviser, War Industries Board, and Chairman, War Industries Board in Europe.
3. The World's Rubber Supply.  
FRANZ SCHNEIDER, JR., Financial Editor, *N. Y. Sun*.
4. The Economic and Political Effects of Governmental Interference with the Free International Movement of Raw Materials.  
DR. E. DANA DURAND, Chief, Statistical Research Division, Dep't. of Commerce, Washington, D. C.

### FOURTH GENERAL SESSION

THURSDAY, MAY 13, 8:15 P. M., BRIARCLIFF LODGE

#### TOPIC—Economic Adjustments in Europe

DWIGHT W. MORROW, *Presiding*  
*of J. P. Morgan & Co., New York; Trustee of Carnegie Endowment*

1. France's External Debt and Burden of Taxation.  
ROBERT LACOUR-GAYET, Financial Attaché, French Embassy, Washington, D. C.
2. The Program and Cost of Post-War Reconstruction.  
GEORGES LECHARTIER, Editor, *Journal des Débats*, Paris.
3. The Press and Social Safety.  
EDWARD PRICE BELL, Newspaper Correspondent and Lecturer, Chicago, Ill.; Late Correspondent, London, of *Chicago Daily News*, and President, Association American Correspondents, London.

4. The Economic Resources of the Mohammedan World.<sup>1</sup>

ISAIAH BOWMAN, Director, American Geographical Society, New York.

FIFTH GENERAL SESSION

CLOSING SESSION OF THE CONFERENCE  
LUNCHEON MEETING

FRIDAY, MAY 14, 1 P. M., BELVEDERE ROOM, HOTEL ASTOR, NEW YORK CITY

TOPIC—America's Part in International Cooperation

ELIHU ROOT, *Presiding*

GEORGES LECHARTIER,  
Editor, *Journal des Débats*.

H. WILSON HARRIS,  
Diplomatic Correspondent, *Daily News*, London; Parliamentary Secretary, League of Nations Union, London, England; Editor, *Headway*.

DR. WILLIAM MARTIN,  
Editor, *Journal de Genève*, Geneva, Switzerland; Member of the Directorate, and Liaison Officer with organizations of the League of Nations, of the International Labor Office.

FRITZ SCHOTTHOEFER,  
Foreign Editor, *Frankfurter Zeitung*, Frankfurt a. M., Germany.

NICHOLAS MURRAY BUTLER.

ROUND TABLE CONFERENCES

ROUND TABLE No. 1: DISARMAMENT

TUESDAY, MAY 11, 11 A. M.—1 P. M., BRIARCLIFF LODGE

TOPIC—Practical Program of Reduction and Limitation of  
Armament

JAMES T. SHOTWELL, *Director of Discussion*

(a) Land Forces

GEN. JOHN F. O'RYAN, Lawyer, New York; late Maj. Gen., N. A.,  
Comdr. 27 Div. U. S. A., A. E. F. in Belgium and France, 1917-19.

(b) Naval Forces

REAR ADMIRAL W. V. PRATT, U. S. N., President, Naval War  
College, Newport, R. I.

(c) Air Forces

EDWARD P. WARNER, Professor of Aeronautics, Massachusetts In-  
stitute of Technology.

(d) Chemical and Industrial Mobilization

EDWIN E. SLOSSON, Director of Science Service, Washington, D. C.

<sup>1</sup>Omitted by reason of Dr. Bowman's unavoidable absence from the session on account of the arrival of dispatches on the North Pole air flight.

Open Discussion (under five minute rule).

**ROUND TABLE No. 2: LATIN-AMERICAN RELATIONS**

TUESDAY, MAY 11, 11 A. M.—1 P. M., BRIARCLIFF LODGE

**TOPIC—International Problems of Latin-America**

CHARLES W. HACKETT, *University of Texas, Director of Discussion*

1. Agrarian Reforms in Mexico.

CHARLES W. HACKETT, University of Texas; Visiting Lecturer on Latin-American History and Economics, Harvard University, 1925-26.

2. Latin-American Cooperation for International Peace.

ALFRED HOLMAN, Trustee of the Carnegie Endowment for International Peace; Late Editor, *The Argonaut*, San Francisco, Cal.

3. Our Relations with Cuba.

DWIGHT W. MORROW, of J. P. Morgan & Co., New York.<sup>1</sup>

Open Discussion (under five minute rule).

**ROUND TABLE No. 3: INTERNATIONAL SOCIAL WELFARE PROBLEMS**

TUESDAY, MAY 11, 11 A. M.—1 P. M., BRIARCLIFF LODGE

**TOPIC—The Promotion of Public Health and the Protection of Women and Children**

SAMUEL McCUNE LINDSAY, *Director of Discussion*

1. The Program of the League of Nations Advisory Committee on the Traffic in Women and the Protection and Welfare of Children and Young People.

COL. WM. F. SNOW, M. D., Gen. Dir., Amer. Social Hygiene Assn.; Member, Special Body of Experts appointed by the Council, League of Nations, Enquiry into the Traffic in Women and Children.

2. Child Welfare Questions.

MISS JULIA C. LATHROP, Formerly Chief, Children's Bureau, U. S. Dep't. of Labor, Washington, D. C.; Assessor of the Committee on Traffic in Women and Protection of Children, League of Nations, Geneva, Switzerland.

3. Practical Aspects of International Health Problems.

DR. FRANK G. BOUDREAU, Member, Health Section, League of Nations, Geneva, Switzerland.

Open Discussion (under five minute rule).

<sup>1</sup> Unavoidably detained by business engagement in New York; Vernon Munroe, of J. P. Morgan & Co. substituted with address on same topic.



**ROUND TABLE No. 4: DISARMAMENT**

WEDNESDAY, MAY 12, 11 A. M.—1 P. M., BRIARCLIFF LODGE

**TOPIC—Sanctions and American Policy**DAVID HUNTER MILLER, *Director of Discussion*<sup>1</sup>

## 1. The New Arrangements in Europe.

FRITZ SCHOTTHOEFER, Foreign Editor, *Frankfurter Zeitung*, Frankfurt a. M., Germany.DR. WILLIAM MARTIN, Editor, *Journal de Genève*, Geneva, Switzerland.

## 2. Adjustment of American Policy to the New Situation.

JAMES G. McDONALD, Chairman, Executive Board, Foreign Policy Association, New York.

**Open Discussion** (under five minute rule).**ROUND TABLE No. 5: THE FAR EAST**

WEDNESDAY, MAY 12, 11 A. M.—1 P. M., BRIARCLIFF LODGE

**TOPIC—International Problems of the Powers Facing the Pacific Ocean**CHARLES C. BATCHELDER, *Lecturer on International Relations, New York University, Sec'y., American Asiatic Association, Director of Discussion*

## 1. The Situation in China.

J. S. OIESEN, Late Danish Minister to China, and Dean of the Diplomatic Corps at Peking.

H. WILSON HARRIS, *Daily News*, London.

PAUL PELLIOT, Professor of Languages, History and Civilizations of Central Asia, Collège de France, Paris.

## 2. Economic Resources and Conflicts.

HENRY K. NORTON, New York.

CHARLES C. BATCHELDER, Lecturer on International Relations, New York University; Secretary, American Asiatic Association.

**Open Discussion** (under five minute rule).**ROUND TABLE No. 6: CONTROL OF RAW MATERIALS**

WEDNESDAY, MAY 12, 11 A. M.—1 P. M., BRIARCLIFF LODGE

**TOPIC—The Situation as Regards Raw Materials**ISAIAH BOWMAN, *Director, American Geographical Society, New York, Director of Discussion*

## 1. General Statement.

DR. BOWMAN.

<sup>1</sup> Mr. Miller was called away by the death of his former law partner, Hon. Alton B. Parker, and Dr. James G. McDonald presided in his stead.



## 2. Resources and Deficiencies of the United States.

## 3. Special Problems.

- (a) Wood Pulp.—FREDERIC W. HUME, Director of Public Relations, New York.
- (b) Cotton.—DR. E. DANA DURAND.
- (c) Oil.—L. C. SNIDER, Consulting Geologist, H. L. Doherty & Co., New York.

Open Discussion (under five minute rule).

## ROUND TABLE No. 7: THE DANUBIAN AND BALKAN STATES

THURSDAY, MAY 13, 11 A. M.—1 P. M., BRIARCLIFF LODGE

## TOPIC—Problems of Eastern Europe

EDWARD M. EARLE, *Columbia University, Director of Discussion*<sup>1</sup>

1. The Economic and Financial Prospects of Austria.  
PROF. L. MISES, Professor of Economics, University of Vienna, and Secretary, Vienna Chamber of Commerce.
2. The Economic Frontiers in the Balkan and Danubian States.  
ZDENEK FIERLINGER, Minister to the United States from Czechoslovakia.  
SIMEON RADEFF, Minister to the United States from Bulgaria.  
H. WILSON HARRIS, *Daily News*, London.  
A. TH. POLYZOIDES, Editor, *Atlantis*, New York.

Open Discussion (under five minute rule).

## ROUND TABLE No. 8: ECONOMIC ADJUSTMENTS

THURSDAY, MAY 13, 11 A. M.—1 P. M., BRIARCLIFF LODGE

## TOPIC—The Economic Problem of France

JAMES W. ANGELL, *Columbia University, Director of Discussion*

1. French Taxation and Economic Reconstruction.  
ROBERT LACOUR-GAYET, Financial Attaché, French Embassy, Washington, D. C.
2. The French Budget Problem.  
HAROLD G. MOULTON, Director, Institute of Economics, Washington, D. C.
3. The French Treasury Problem.  
J. A. M. DE SANCHEZ, New York.
4. Tariffs and Trade Barriers as Obstacles to International Goodwill.  
HERBERT C. PELL, JR., Former Congressman from N. Y.

Open Discussion (under five minute rule).

<sup>1</sup> Professor Earle opened this session with an introductory address and then left to participate at another Round Table at the same hour. Mr. H. Wilson Harris, of London, presided in his stead.

## ROUND TABLE No. 9: RAW MATERIALS

## TOPIC—Political and Financial Control of Raw Materials in War and Peace

PARKER THOMAS MOON, *Columbia University, Director of Discussion*

## 1. Raw Materials and Imperialism.

PARKER THOMAS MOON, Associate Professor of International Relations, Columbia University.

## 2. Political Control of Raw Materials in War and Peace.

L. L. SUMMERS, Consulting Engineer, New York; Technical Adviser, American Commission to Negotiate Peace; Technical Adviser, War Industries Board, and Chairman, War Industries Board in Europe.

## 3. International Financial Control of Raw Materials.

EDWARD M. EARLE, Associate Professor of History, Columbia University.

**Open Discussion** (under five minute rule).

The following persons served as Honorary Secretaries of the Round Tables and as Liaison Officers for the Round Tables meeting at the same hour each day, and likewise for the Press and Publicity Bureau of the Conference:

CHARLES C. BAUER, Editor, *League of Nations News*, and Director, League of Nations Non-Partisan Association, Inc., New York.

Dr. STEPHEN P. DUGGAN, Director, Institute of International Education, New York.

PHILIP C. JESSUP, Lecturer in International Law, Columbia University.

Miss AMY H. JONES, Division of Intercourse and Education, Carnegie Endowment.

Dr. JAMES G. McDONALD, Chairman, Executive Board, Foreign Policy Association, New York.

WILLIAM F. STONE, Editorial and Publicity Dept., Foreign Policy Association, New York.

Miss ELEANOR WOLFE, New York.

The special competency and the wide range of experience and public service of many if not all of those who took part in the Conference is only partially revealed by the necessarily

abbreviated designations and official connections given with the names that appear on the program.

The names and connections of those who took part informally in the discussions do not appear on the program but will be found, with the exception of a few who did not wish to be reported, in the stenographic report of discussions, together with the leading papers and addresses, grouped under nine general topical divisions, in the following pages of the PROCEEDINGS of the Conference.

The metropolitan dailies and the Associated Press, and also the Press Associations, were represented by correspondents and reporters in attendance throughout the Conference and very full daily reports of the proceedings were sent out to the press of the country. Mr. Bennett E. Tousley, Publicity Manager of Briarcliff Lodge, both before and during the Conference, prepared news releases and acted as host to the newspaper correspondents for the dissemination of information concerning the Conference. The Publicity Committee was also greatly indebted to Mr. Edward L. Bernays of New York for valuable advice and assistance, and to Miss Kathleen Goldsmith of his staff.

The wider representation in the deliberations of the Conference of the daily press and of magazines and periodicals in which the proceedings of the Conference are finding a continuing publicity and comment, may be indicated by the following partial list of editors and journalists who participated:

ADAMS, J. H.	<i>Baltimore Sun</i> , Baltimore, Maryland.
ANDERSON, W. T.	<i>Macon Daily Telegraph</i> , Macon, Georgia.
BELL, EDWARD PRICE	<i>Chicago Daily News</i> , Chicago, Ill.
BLANSHARD, PAUL	<i>The Nation</i> , N. Y.
BLOOM, HARRY	<i>Herald Post</i> , Louisville, Ky.
CARTER, J. A.	<i>News Leader</i> , Richmond, Va.
CLAUS, HENRY T.	<i>Boston Transcript</i> , Boston, Mass.
FERGUSON, MELVILLE F.	<i>Philadelphia Record</i> , Philadelphia, Pa.
GANNETT, FRANK E.	<i>Rochester Times Union</i> , Rochester, N. Y.
GLASS, POWELL	<i>The News</i> , Lynchburg, Va.
GONZALES, WILLIAM E.	<i>The Columbia State</i> , Columbia, S. C.
HARRIS, JULIAN	<i>The Enquirer-Sun</i> , Columbia, Ga.
HOWE, ARTHUR M.	<i>Brooklyn Daily Eagle</i> , Brooklyn, N. Y.
JARRELL, BOYD	<i>Herald-Dispatch</i> , Huntington, W. Va.
JONES, WILL OWEN	<i>Nebraska State Journal</i> , Lincoln, Neb.
KALTENBORN, HANS	<i>Brooklyn Daily Eagle</i> , Brooklyn, N. Y.

KELLOGG, PAUL U.  
LEACH, HENRY GODDARD  
LOCKWOOD, BRUCE  
MCNALLY, WILLIAM J.  
MONTUSIER, ROBERT H.  
NOVER, BARNET  
O'CONNER, HUGH  
OPIE, CAPT. E. WALTON  
PETERSON, ELMER T.  
POLYZOIDES, A. TH.  
PORTER, RUSSELL  
PORTER, ROBERT  
ROSS, T. W.

SCOTT, CHARLES F.  
SHAW, ALBERT  
SKEWES, JAMES H.  
SPAULDING, H. G.  
STEEP, THOMAS  
STONE, WILLIAM F.  
SWOPE, HERBERT BAYARD  
WALLACE, TOM  
WAYMACK, W. W.

WEINBAUM, M.  
HOLMAN, ALFRED

MOON, PARKER T.

SCHNEIDER, FRANZ, JR.  
SNYDER, FREDERICK M. T.  
VAN KIRK, WALTER W.  
VAN SAND, ALBERT

*The Survey and Survey Graphic*, N. Y.  
*The Forum*, N. Y.  
The Associated Press.  
*Minneapolis Tribune*, Minneapolis, Minn.  
*New York Sun-Globe*, N. Y.  
*Buffalo Evening News*, Buffalo, N. Y.  
*The World*, New York.  
*The Leader Publishing Co.*, Staunton, Va.  
*The Wichita Beacon*, Wichita, Kansas.  
*Atlantis*, N. Y.  
*The Times*, New York.  
*New York Evening Post*, N. Y.  
{ *Philadelphia Public Ledger*, Philadelphia, Pa.  
*The Gazette and The Telegraph*, Colorado Springs, Colo.  
*Iola Register*, Iola, Kansas.  
*Review of Reviews*.  
*The Star*, Meridian, Miss.  
*Shawnee Morning News*, Shawnee, Okla.  
*The Herald-Tribune*, New York.  
*Information Service*, Foreign Policy Ass'n.  
*The New York World*, N. Y.  
*Louisville Times*, Louisville, Ky.  
*Des Moines Register and Evening Tribune*,  
Des Moines, Iowa.  
*Novoye Russkoye Slovo*, N. Y.  
(Formerly editor) *The Argonaut*, San Francisco, Cal.  
*Political Science Quarterly*, Columbia University, N. Y.  
*New York Sun*, N. Y.  
Press Congress of the World.  
*The Christian Science Monitor*, Boston.  
Danish Newspaper, N. Y.

# FOREIGN REPRESENTATIVES

BOUDREAU, DR. FRANK G.

Associate Chief of Epidemiological Intelligence Service of the Health Organization of the League of Nations, Geneva, Switzerland, and formerly Director, Bureau of Communicable Diseases, Ohio Department of Health.

DRECHSLER, DR. R. W.  
FREYRE, DR. GILBERTO DE MELLO  
HARRIS, H. WILSON  
LLANO, RODRIGO DE  
LECHARTIER, GEORGES  
MARTIN, DR. WILLIAM  
SCHOTTHOEFER, FRITZ  
SCHWEDLER, WILHELM

Press Department, Foreign Office, Berlin.  
*Diario de Pernambuco*, Brazil.  
*Daily News*, London; *Headway*, London.  
*Excelsior*, Mexico City, Mexico.  
*Journal des Débats*, Paris.  
*Journal de Genève*, Geneva, Switzerland.  
*Frankfurter Zeitung*, Frankfurt a. M., Germany.  
German Press Association, Berlin.

The invitations to editors and journalists in the United States were sent upon the nomination of a special committee composed of ROSCOE C. E. BROWN, Columbia University School of Journalism, Chairman; CASPER S. YOST, Editor of the *Globe-Democrat*, St. Louis, Mo., and former President, American Society of Newspaper Editors; JOHN STEWART BRYAN, Editor and Publisher, *News-Leader*, Richmond, Va.; MAURICE S. SHERMAN, Editor, *Springfield Republican*; and EDWARD PRICE BELL of the *Chicago Daily News*, and former President of the Association of American Correspondents in London.

The following is a partial list of persons who participated, in addition to the editors and journalists and the speakers whose names appear on the formal program:

Judge ANTONIO SANCHEZ DE BUSTAMANTE Y SIRVEN, Havana, Cuba, Judge of the Permanent Court of International Justice.

Sig. LUIGI EINAUDI, Senator of Italy, and Director of the Bureau of Economic Research, Turin, Italy.

Baron PAUL D'ESTOURNELLES DE CONSTANT, New York.

AUSTEN G. FOX, Trustee, Carnegie Endowment.

Dr. SIDNEY L. GULICK, Secretary, National Committee on American-Japanese Relations, New York.

Dr. KARL VON LEWINSKI, German Consul-General, New York.

FREDERICK H. MOORE, Counselor, Japanese Embassy, Washington, D. C.

Miss RUTH MORGAN, League of Nations Non-Partisan Association.

His Excellency, MARC PETER, Swiss Minister to U. S.; Washington, D. C.

GEORGE A. PLIMPTON, President of the Trustees of Amherst College, and Director of World Peace Foundation.

WALTER S. ROGERS, New York.

Dr. JAMES BROWN SCOTT, Secretary, Carnegie Endowment of International Peace.

VINCENTE VILLAMIN, formerly Manila, P. R.; Attorney at law, New York City.

Dr. JACOB S. WORM-MUELLER, Economic Historian, King Frederick's University, Oslo, Norway, and Counsellor to the Norwegian Nobel Institute.

The general sessions of the Conference, five in number, were attended by 200 to 500 persons each, the average attendance being approximately 300, while that at the nine sessions of the Round Tables varied from 20 to 100 each and averaged approximately 50.

If space permitted and this volume of Proceedings had not already attained proportions that threaten to tax the patience of its readers, it would be interesting to close this preface with a resume of the discussions at the Conference and a who's-who sketch of the fifty speakers who took part, many of them more than once, on the formal program. Approximately fifty more persons with interesting records of authorship and public service could be added to this list from among the editors, journalists, specially invited guests and members of the Academy who attended most of the sessions and participated informally in the life and work of the Conference.

It was a notable company throughout that constituted the nucleus of the Conference, spending four eventful days together amid the picturesque surroundings and comfortable appointments of Briarcliff Lodge in the Westchester hills. Two such royal spirits as Dr. JAMES BROWN SCOTT of Washington and Dr. CHARLES FREDERICK SCOTT of Iola, Kansas, alone, neither of whom took any formal part on the program, would have been sufficient to give any conference distinction and to insure a high standard of purpose and intellectual achievement. Dr. JAMES BROWN SCOTT is the Secretary of the Carnegie Endowment and Director of its Division on International Law. He is the author of a notable volume entitled *Peace through Justice* and many other works dealing with the juridical aspects of international relations, and was Solicitor of the State Department when ELIHU ROOT was Secretary of State. He was Technical Delegate to the Peace Conference in Paris in 1919 and has been for years President of the American Institute of International Law, Secretary of the American Society of International Law, and Editor-in-Chief of the



*American Journal of International Law*. Dr. CHARLES FREDERICK SCOTT, for nearly forty years the editor and publisher of the *Iola Daily Register*, Iola, Allen Co., Kansas, represented his district and was Congressman-at-Large from Kansas for ten years. He was a Regent of the University of Kansas and is Acting President of the College of Emporia, as well as the author of a volume of *Letters* written in Mexico and Europe, a history of Allen and Woodson counties in Kansas, and of another work entitled *In the Far East*. With the trained journalist's power of observation and interpretation, combined with wide travel and good reading and a long experience in public affairs, Dr. SCOTT brought an unusually alert and practical mind to bear on the subjects discussed at the Conference. So we might continue to describe one after another of the personalities of those who brought so much to the Conference that made it worth while and enabled many of us to take so much away.

Both in the editorial comment and newspaper reports of the Conference as well as in scores of letters received from those who participated, have come warm words of appreciation and recognition of the far-reaching beneficial results of such a Conference; also the expression of a hope, such as characterized the post-comment of the press after the Long Beach Conference nine years ago, that periodic conferences of this sort might be held at not too infrequent intervals.

We cannot refrain from quoting, in closing, a few comments from both public and private sources.

DR. CHAS. F. SCOTT, in a signed two-column editorial in *The Iola Daily Register* of May 18, entitled "Voices in the Wilderness," says:

The men whose addresses and papers made up the programs at Briarcliff were Idealists in a way but they never lost their contact with the solid ground of common sense and practicability. On the question of disarmament for example, . . . not one of the speakers minimized the difficulties of the project or the obstacles in the way, nor ventured to assert that disarmament in itself, however far-reaching it might be made, would put an end to war. They presented rather the point of view of the various governments represented and spoke of the things that might be accomplished and the results that might follow.

And the tone and temper of the disarmament program was characteristic of all the discussions that followed. . . .

All in all the four days of programs brought together a very remarkable group of thoughtful and scholarly men, each speaking as an authority upon the subject to which he addressed himself, and assembled to hear them men of importance from practically every State east of the Rocky Mountains. From beginning to end the Conference was eminently successful.

DR. SCOTT in another and more personal comment on the Conference says:

The more I have thought it over, the more admiration I have felt for the symmetrically built program and the more I have realized the inspiration I received from it and from the many able men who participated in the discussions.

HARRY BLOOM, *The Herald-Post*, Louisville, Ky.:

The Conference itself was intensely interesting and instructive, and I cannot conceive how you could have selected a more appropriate setting for it.

ROBERT S. BROOKINGS, President, Institute of Economics, Washington, D. C.:

We are to be congratulated on the successful outcome of our Briarcliff experiment.

HON. WILLIAM E. GONZALES, Former Minister to Cuba and First American Ambassador to Peru, Editor and Proprietor of *The State*, Columbia, S. C., in an editorial in *The State* of May 18 entitled, "An Englishman 'Thinks Aloud,'" says, speaking of the Luncheon Meeting at the Hotel Astor on May 14 which brought the Conference to a close:

The principal speakers were the foreigners—Swiss, French, German and English—and the key-noter, Toastmaster Elihu Root. And while no word of what those foreigners said was recorded in the New York newspapers, most significant words were uttered and questions propounded.

Whatever may be said of armaments, resources for war and competition for raw materials as principal factors to be considered when discussing world peace, the chief agency for the avoidance of conflict between nations, as between individuals is understanding. Get understanding, get the frank viewpoints of others, and there must be a lessening of those suspicions and fears out of which wars are bred. Those foreigners invited to speak at the concluding session of the recent conference were asked to give their viewpoint of how the United States could, under present government and with present disposition, best aid Europe in regaining stability and security—a condition from which the United States must profit to large degree.



Contrary to our national disposition in such circumstances, these foreigners, who were guests in this country, were all shy of "offering advice" or making suggestions. Yet they did give opportunity to get a look into their minds. In point of interest and insight, honors were carried off by H. Wilson Harris of London, parliamentary secretary of the League of Nations Union, editor of *Headway* and diplomatic correspondent of the *London Daily News*. The full effectiveness of a League of Nations can not be expected without the United States, is Mr. Harris' natural view. They would not press this country to enter; they would not wish it to enter the league without the support of two-thirds, at least, of our people. But the League is going on, making what headway is possible, without the United States; going on with a fight against unjust, illegal wars.

But, said Mr. Harris, even if it be true, as he had heard, that the people of this country sympathize with the efforts of the League, what really concerns the League members is what would be the attitude of Washington in certain contingencies. What would the government of this country do in the event the League of Nations condemned a country for criminal aggression and attempted to enforce punishment? Would the United States continue to furnish the outlaw with food and munitions? Would the United States hamper and weaken the League's mandates by ignoring blockades; would it give aid, comfort and sustenance to the enemy of peace?

Those were questions Mr. Harris said he was asking himself; and as he had been requested to speak frankly he just for the moment indulged in a little "thinking aloud." And are not those questions which we might profitably ponder, and find the answers before they are forced upon us? Who knows the answer? Have we a policy; if so what is it?

WILL OWEN JONES, *Nebraska State Journal*, Lincoln, Nebraska, in an editorial, May 18, entitled "Seeking the Cause," says:

The final meeting of the conference took the form of a luncheon at the Astor hotel, presided over by Elihu Root. Half a dozen of the foreign visitors gave their impressions of the results of the meeting. President Nicholas Murray Butler summed up the meeting as the most striking demonstration yet given of the shift of the center of gravity of all effective discussions over disarmament, security and peace. When men formerly met to promote peace their talk ran to schemes for reducing the number of men under arms, the weight and number of guns, and so forth. At this Conference but little time was spent on such futilities. The talk went straight to the causes of war and means of promoting international justice to such a degree that no sane man or nation will want to fight. When peoples understand each other and appreciate their problems and do everything they can for mutual adjustment there will be no need for agreements as to the size of armies or weight of fortifications. All of these things will disappear as naturally as fog disappears under the rays of the sun.

This conference on international problems, promoted by the Peace Foundation, therefore gave itself over almost wholly to questions relating to

international trade, raw materials, tariff barriers, and dozens of other matters that provoke irritation and threaten to embroil nations in armed conflicts. The symptoms of the war disease are now so well understood that it is no longer necessary to discuss them. The job before the world is the discovery and removal of the causes that lead to the outrage of war.

COMMANDER HUGO W. KOEHLER, Naval War College, Newport, R. I.:

Briarcliff not only gave us a most interesting four days and furnished us with new ideas, new points of view, but it has borne fruit in that we have passed on as best we could some of the things we learned there.

DR. EDWIN E. SLOSSON, Director, Science Service, Washington, D. C.:

Permit me to congratulate you on the success of the Briarcliff Conference which I realize must have involved careful planning and management. . . . The echoes of the Conference from the notes I took and the PROCEEDINGS that are to be published will be reverberated in the output of Science Service for a long time to come.



**PART I**  
**DISARMAMENT AND SECURITY**

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## ADDRESS OF WELCOME<sup>1</sup>

NICHOLAS MURRAY BUTLER

President, Columbia University; President, Carnegie Endowment for  
International Peace

ON behalf of the trustees of the Carnegie Endowment for International Peace and on behalf of the Academy of Political Science, I have great pleasure in welcoming this company and in taking the chair to present the speakers of the evening.

The object of this conference may be compressed into very few sentences. Following the example of a similar and successful conference held at Long Beach in 1917, we have invited a representative company of journalists from all parts of the United States to spend a few days here in close personal contact and relationship, with the advantage of having with us some distinguished representatives of journalism and public life abroad, in order to consider dispassionately and away from the heat of controversy some of the more important and far-reaching of the problems which affect the international life and the international peace of the world. These subjects will be presented by men who are familiar with them in their every aspect and their object is to enlighten us all, to give us material and opportunity for reflection and discussion, in order that as we go back to our homes we may each play his part in the better instruction of the public opinion of our people.

We have no illusions as to the date of the arrival of the Millennium and we are not particularly concerned with the establishment of a Utopia. We are quite ready to deal with our human nature as it is, and to try to make the best of such practical situations as the economic and industrial and political life of the world present, always endeavoring to carry forward our problems toward solution in terms of high ideals, wise experience and steadily growing and deepening knowledge.

<sup>1</sup> Address delivered at the First General Session of the National Conference on International Problems and Relations, at Briarcliff Lodge, Briarcliff Manor, New York, May 10, 1926.

There is a psychology of these matters which it is wise not to overlook. It was the mordant wit of Oscar Wilde that penned the sentence, "So long as war is regarded as wicked, it will always have a fascination; when it comes to be looked upon as vulgar, it will cease to be popular." It is worth while, perhaps, for practical men to take that hint and to deal from time to time with the psychological aspects and the psychological relationships of these great questions as to how men in communities, in states and organized society can resolve their differences by methods of reasoning and diminish the appeals—those terrible appeals—to physical force which are the last resort of controversialists of every kind.

Before presenting the speakers I have great pleasure in reading one or two telegrams of good will from representative citizens of the world.

The first is from the Governor of the State of New York: "This telegram is an expression of my hopes for the success of the conference which is being held under the auspices of the Carnegie Endowment for International Peace and the Academy of Political Science. My very best wishes to all assembled. Alfred E. Smith, Governor of the State of New York."

The next is from the German Ambassador at Washington: "Allow me to express in the name of the German Government my best wishes to the conference assembled at Briarcliff under the auspices of the Carnegie Endowment for International Peace and the Academy of Political Science. May its deliberations and discussions be inspired by the true spirit of international good will and contribute to the promotion of the great and noble cause of world peace. Ambassador Maltzan."

This from the Mayor of the City of New York: "In the name of the City of New York I extend cordial greetings to distinguished guests at conference opening this evening. My heartiest congratulations go out to the sponsors of so significant a gathering. The importance of international harmony being universally recognized, all discussions with this objective merit unstinted approval and it is my feeling that the tremendous possibilities for good which may confidently be expected to emanate from the Briarcliff conference will arouse greatest public interest and attention here and abroad. Best wishes for

the success of the deliberations which should prove informative to the individual citizen and helpful to the cause of international good will. James J. Walker."

We are first to give attention to the question, "What is Meant by Security and Disarmament," and I present the speaker, my colleague and associate, Dr. James T. Shotwell, Director, Division of Economics and History, Carnegie Endowment and Professor of History, Columbia University.

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## WHAT IS MEANT BY SECURITY AND DISARMAMENT<sup>1</sup>

JAMES T. SHOTWELL

Director, Division of Economics and History, Carnegie Endowment;  
Professor of History, Columbia University

THE subject of security and disarmament is one which may be considered from one of two points of view. It may be discussed from the academic or philological point of view, in which case a reference to a handy dictionary would be the easiest solution. This is the attempt simply to define in terms of other words the two great elusive problems of modern times. But even if you turn to the dictionary you will find that one of those terms, at least, divides itself up into a number of other words which seem rather to contradict the original. Disarmament is not disarmament according to the dictionary. It may be either limitation of armaments or reduction of armaments or the abolition of armaments; and these three different conceptions certainly call for entirely different consideration as to the means and method by which they may be obtained. However, I am not going to do more than remind you of the possible ambiguity in the subject itself,—the subject of disarmament—and I have only a very few minutes in which to consider it—rather from the standpoint of what I should call a historical definition. That is, the meaning of “disarmament and security”; for the phrase, as we shall find, goes together. It goes together in the practical setting of political experience of the world.

First of all, the historical definition involves a consideration of what armaments have meant in history. Now strange as it may seem, this very vital element in the history of national states and governments has never been analyzed in detail in our political science or history. Armies and navies emerge on the page of history only in the crisis of war, at the time when they are actually employed as offensive or defensive agencies; the place which they occupy in the ordinary development of

<sup>1</sup> Stenographic report.

the political texture of the world has never been adequately treated. If you turn, for instance, to a book like Anson's *Law and Custom of the British Constitution*, you will find the admission there that the British army and navy have never been brought out in historical perspective or studied as an essential part of the political development of the British constitution. And yet, if you were to analyze the British constitution in practice in the last phase of the imperial history you would find that the only single functioning body that could be called truly imperial was a Committee of Imperial Defense, hidden away from the back quarters of No. 2 Whitehall Gardens, a central keystone of the Empire unmentioned in either history or politics and its actual existence known only to a very few.

The secrecy, of course, that is involved in the principles of defense furnishes one real excuse for this failure to pay attention to the place that armaments have occupied; the technique furnishes the other excuse; and, finally, there is the fact that history is generally interested in these implements only when they come into actual conflict.

Now, if you were to trace the means of defense historically, through the long development of modern civilized nations, you would find that after the Roman period, western civilization began, with a technical military class. The noble, as you know, was the soldier (*miles*); the art and practice and science of war belonged to a limited section. So it continued through the early development of the modern nation, when regiments were privately owned and privately recruited, and through the early stages of national armies. That lasted down—I am giving a very hurried background—to the French Revolution period, when we strike a new principle. The French nation, faced with a common danger for all, gave us the idea of organized citizens—the nation in arms—a system which has no parallel in the Middle Ages. Indeed to find its anti-type in history you would have to retrace your steps to the early days of republican Rome.

This organization of the nation for war became a model in the mature period of the national state in the nineteenth century; and through the principle of conscription it developed a technical means that was coextensive with the manhood of the nation.

Then, about the middle of the nineteenth century, a new element came into this structure. Science, which had been recreating the conditions of industrial and commercial life, by that time overtook the rather sluggish movement of military development, and then we have, from the sixteenth on into the twentieth century, what is called the race in armaments. It is really a race with science; creative science showing its constructive side became an implement in the hands of man, alongside the conscripted armies, to fulfill the purposes of national defense. But to continue the definition—because this is all a definition—in proportion as it developed its efficiency, it tended to escape control.

Now, in the World War we at last come to the full employment of this double instrument: national conscription, and the full use of scientific invention and discovery. Following the trend of history, we find that this development of the mechanism of defense becomes so great that it ultimately becomes a mechanism of aggression.

The present question before us—in the matter of definition—is whether we are at grips with the whole process of the means of defense or only with a section of it. Are we dealing with the entire element of defense of national states with every available force at their disposal, or are we dealing simply and solely with the last phase of the race in armaments? You will find, if we try to make our meaning more precise, that this is the first question which will come to our minds. There are those who simply define the problem of disarmament as the synonym of a last phase, the phase of scientific development, dealing especially with such things as chemical warfare or industrial mobilization. There are others who think in terms of conscription.

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I said that the question of armament must be linked throughout with the question of security. That is because armaments are after all political agencies and not merely technical entities. They have to serve the purpose for which they have originally been created, which is the purpose of making sure of the safety of the state.

If you examine this question of national security you will find that it falls into two great divisions. There are states

which have natural security and there are those which must make up for the absence of natural security by artificial devices. Natural security is at its maximum with us. Distance and barriers almost impassable west and east make the problem one which is very little realized, because security is very much like health in the individual, the more one has it, the less one knows of it. It is only those states which are face to face with the problem which are really conscious of its reality, just as in the individual it is only when disease and the menace of death come that one appreciates what health has been. Now, we in America have the full conditions of natural health and therefore we show a very fair misunderstanding or failure to understand the essence of the problem. When you are faced with the artificial problem, when your frontiers are insecure, when you are close up against an enemy, then you must have some substitute for distance, some additional barrier as well as mountains or other natural impediments along the frontier. So those who maintain the nation's security line the hills with forts which, as it were, continue the hill barrier; and they fill in the spaces where the hills recede or the rivers or swamps are lacking with armed and maneuvering troops. This is inevitable so long as there is danger, so long as the menace of war is present. There must be artificial security.

Now the menace of war will be present until other means for settling international disputes are not only available but likely to be used in the time of crisis. Therefore to some degree the old armament problem will continue to be before the world, with its dual possibilities of defense and aggression, until the world comes to the point where it can satisfactorily accept alternatives for war.

So, taking up the point I spoke of a moment ago, we come to the conclusion that until war itself takes on a different character from the historic use of it by national states, there is very little hope of anything more than palliatives in the line of disarmament, very little hope of anything more than tentative measures now and again, which don't go to the heart of the matter at all. Fortunately, that turn in human affairs which was coincident with the development of the machinery of defense was also coincident with a turn in human affairs in the arts of peace. The development of modern science

marks a turning point in human history so vast that few of us who live in these days have any adequate appreciation of the world which is being created in our time. Space and time, the two conditions of human life, are being fundamentally changed. So long as the conditions of life were based mainly upon agriculture, it was inevitable that there should be a recurring of the activities of life with the unchanging calendar of the seasons, and that recurrence not only came year after year and generation after generation but it offered no possibilities of escape. Spacially the world, though small, was filled with greater distances than today, villages close together were far apart because of the difficulty of travel, markets were self-sufficient where they were only the markets of the village or the hamlet! There was a self-contained, conservative society that had very little chance of developing a sense of community with others. When science broke through that persisting primitive world, in the eighteenth and nineteenth centuries, it induced a set of conditions in which not repetition but change became the normal element. We have entered a dynamic period of history when every succeeding change calls for further adjustment and every adjustment calls for still greater change. There is no such thing any more as counting upon those recurring elements of an exclusive society which was the characteristic of the Middle Ages. In this change in time and space a world community has come into existence. We didn't realize the extent of it until the war itself showed the inextricable entanglements of different states, one with the other.

I remember down in the Balkans asking a foreign minister of one of the smaller states which was his financial capital and he said, "London." I asked another and he said "Paris." In the world of finance—and it is true of course of commerce and industry and all these developments of modern science—the political boundaries of a country no longer coincide with the real and vital interests which may dictate even in time of crisis the extent of the armaments, the direction of a policy and the whole determination of the issue.

This new scientific world developed entanglements that are conceivable of expression in terms of peace as well as in terms of war. You can see how that has worked out if we take hurriedly, in a moment or two, an analysis of the Treaty of



Locarno. The Treaty of Locarno is based upon its Article 5, where the presumption of aggression is defined. It states there that if either of the signatory powers—without going into the detail of the text, say France or Germany—should go to war one against the other, refusing the accepted and agreed means of peaceful settlement, then Great Britain and Italy would take up the guarantee of peace, would regard that power as an aggressor which went to war refusing the accepted means of peaceful settlement and would police the world in favor of the victim. Article 5 of Locarno therefore definitely establishes a new principle with reference to war itself.

War, as Grotius pointed out, should be capable of distinction as between good wars and bad. When Locarno becomes part of the public law of the world, war can be distinguished into two categories, criminal aggression and mere defense. If the organized world can deal with the problem of criminal aggression we need pay no more attention to the problem, for defense will take care of itself.

Now, how can we in this country deal with this method of eliminating the possibility of aggression from the use of armaments? We would not undertake even the limited guarantee of police which England undertook under the terms of Locarno. We have stated so, and in our own time there is now no practical prospect of our undertaking to guarantee our interference, in terms of police, in case one power of Europe became an aggressor against another. But we could, by re-defining our neutrality, definitely check the tendencies toward aggression in those powers. If we were to say that in case of an aggression of this kind the United States would not so interpret its neutrality as to furnish help to the aggressor, to the criminal aggressor, then it would not be possible for that aggressor to proceed with the plans for armament which would make the Krupps and Creusots simply a part of our Bridge-ports and Pittsburghs and our great armament works.

This is a definite step which could be taken toward the determination of the political issues which underlie any real and fundamental progress in disarmament.

My time is more than up and I haven't yet spoken of the thing that you might think of first in disarmament—the Washington Conference. One word on that. The Washington Con-

ference applied a definite ratio for the reduction and limitation of armaments as between stated powers in certain well-known and clearly definable objects or units of armaments. That was all to the good. But if we are to deal with armaments as a part of this development of science, this continuing process which places one instrument of destruction in the place of the instrument that has been denied us, one after another, then we must go farther than any single unitary agreement like a Washington Conference. At best, if it is naval or land armament, or both, we must provide for continuing conferences which will take on from point to point the progress made at any one congress. And with continuing congresses we need a mechanism for control and inspection which would be satisfactory to the powers concerned so that the resultant queries would not be fought out in the pages of newspapers by correspondents who are rather ill informed. We could turn to a technical apparatus adequate for dealing with a problem so vast as this. And that can be done only if it is worked out in harmony with the existing structure of Europe as it stands today, in harmony with, although not an integral part of, the effort of the League of Nations in this direction.

## THE OBJECTS AND EXTENT OF PEACE-TIME MILITARY ORGANIZATION

GEN. TASKER H. BLISS

Chief of Staff, U. S. A., 1917; Member of Supreme War Council in France;  
Member American Commission to Negotiate Peace, Paris, 1919;  
Washington, D. C.

[In introducing General Bliss, the Chairman, President Butler, said:—The next speaker has had contacts with the problems of war and of peace that are quite exceptional in our country's experience and perhaps in the experience of the world. He has been Chief of Staff of the Army of the United States; he was a member of the Supreme War Council to conduct the war in France; he was plenipotentiary member of the Commission to Negotiate Peace at Paris in 1919. I present General Tasker H. Bliss. (Applause).]

I ASSUME that the subject which has been assigned to me is taken up at this stage solely for the purpose of clearing it out of the way as preparatory to a discussion of the question of disarmament. Nor can it be fruitfully considered at all in the time available except in its bearing upon the latter question. It is from this point of view that I take it up. It may be considered first with reference to the existing situation and its origin; second, with reference to the modification of this situation resulting from future modified conditions. The latter must be very largely speculative.

The first of the sub-questions which constitute my subject is: What are the objects of national peace-time military organizations? Manifestly, the answer must be sought—(a) in the declaration of its purpose made by each nation concerned; and (b) by a comparison of this declaration with the actual facts which show what each nation is doing in carrying out its purpose.

What is the universal declaration of purpose—which may, or may not, be substantiated by the facts observed in its execution? If every nation could be brought before the bar of the world's judgment and asked its purpose in the maintenance of



its military armaments, and its preparations for the maintenance of them, there would be but one answer: "We maintain them as the necessary result of three admitted and fundamental rights and duties of an organized state:

"(1) To guarantee, as far as may be, the security of our peoples against external aggression by violence;

"(2) To guarantee our internal peace and the orderly functioning of our governments, as against domestic violence;

"(3) By such security as is thus attained to guarantee as far as possible the opportunity for the attainment of happiness and prosperity by our peoples."

In other words, each nation would doubtless declare that its object in the establishment and maintenance of military force is solely defensive. These forces began to be organized long before nations began to explain their motives and give reasons for their action with intent to influence world opinion. But now, and for a long time past, any nation which increases its military establishment is careful to make known in every possible way for the information of its own people and of others that its declared object is to increase its capacity for defense. And even in the earliest times, before there were permanent military establishments whose existence might have to be explained, we find in another way evidence of this "decent respect for the opinion of mankind." The works of the oldest historians are filled with the elaborate argumentative speeches which they put into the mouths of their political and military characters to prove that their object in the use of force was solely to defend one or another of their natural rights. And for us, ages afterwards, the impression thus given is modified only as we may discover the views of other equally intelligent and perhaps more impartial observers of the same historical events.

It may be said in passing that no definition can be made which, *per se*, enables us to differentiate between a defensive and an offensive military force. Some of its auxiliary parts may be called noncombatant, that is, they take no direct part in any military operation of force, either in defense or offense. But the organization as a whole must, to the extent permitted by its size, its training, its leadership and the circumstances of the moment, be capable of offense as well as defense.

Of these three rights and duties of a state, the third is now the really basic one; the former two are *sine qua non* to its fulfillment. At a given time and with a given nation, one or all of these guarantees may prove ineffective. With one of them — the guarantee against internal violence — there is reason to believe that, at least with nations of a certain temperament and mentality, the greater the liberalization of their institutions and the less there is of unnecessary government to revolt against, the less need there is of military guarantee against domestic violence. And in fact with such nations the need for any considerable military force to preserve internal peace is already little thought of as compared with the necessity for relatively great preparations to guard against external aggression.

Now, this right of a government to protect both its people and itself is the inherent, indefeasible right granted by nature to everything that has life to protect its existence and the conditions of its satisfactory existence. And this natural right inheres regardless of whether the continued existence of the thing whose life is threatened seems desirable or not. Deliberate suicide, or the contemplation of it, is repugnant to natural law.

Therefore, whether as an axiom of life or as a law of life drawn by induction from universal experience, it is evident that any people, in the lowest or the highest stage of civilization, will continue to maintain whatever agency of force it considers necessary for its existence against any other force, and for the attainment of its own accepted purpose in existence; and that it will continue to do this until some better, and equally enforceable, guarantee is provided which it accepts *voluntarily or under compulsion*. And there is absolutely no evidence that the law of progress in this direction, which has governed individuals in their advance to higher civilization, does not equally hold for the nations formed by these individuals. With any other conclusion we can not escape the paradox that civilized man is still in barbarism; that while he individually is capable of any degree of civilization, collectively he is forever liable to recurrences of savagery. The paradox is not so crude as I have stated it, because it can not be that individual man is completely civilized if to any considerable

degree and for any considerable length of time he is collectively a mass of savages. But to whatever extent it is true, it is a paradox that is abhorrent to nature and one which she can not permit to hold indefinitely. Collective man must become civilized or individual man become savage.

Unfortunately, this particular law of development is held in check by the principle of atavism and the operation of that principle, in turn, can be held in check, as we know from experience in other things, only by man in his collective capacity. The principle of atavism is, in short, the natural tendency of the individual in an improved mass to revert to his ancestral type. If the ancestral type of the life of the individual is savagery, to prevent reversion of the individual requires the check of collectively civilized national masses. There is, therefore, in the indefinite continuance of the paradox that I spoke of, the danger that with recurrent outbreaks of increasing savagery in collective man the individuals will also reacquire the instincts of savagery. We may be sure, of course, that a new cycle of development will then begin. But when we see man in his collective capacity doing so much to prevent this reversion in the life that surrounds him, using all his intelligence to preserve rather than inertly permit the destruction of beautiful and useful forms, endowed with a capacity for further indefinite development in beauty and usefulness, must we admit that he has reached the limit of his capacity in doing the same thing for himself?

Now, from this point on, during the few moments of my time, and in the light of what I have already said, the two sub-heads of my subject—both the object and extent of peace-time military organization—must be considered together, the one being indeterminable except in the light of the other.

I have spoken of possible new cycles of development. They have been going on through all recorded time. Fortunately for the ultimate and absolute advancement of man, the initial process of reversion with which they begin does not always throw them back to their point of origin. There is a partial recoil with a longer advance. It is the difference between a cycle and a circle.

It requires a long time, ages perhaps of recorded facts, before we can be sure that any given line on which man has

been advancing is cyclic in character or is a continuous straight line. Not many generations have seen, within their own lifetime, changes in direction of a line of advance which suggest a backward curve; and fortunate they, if within the same time they can see that the backward loop in the cycle is very small, to be followed by another long curve in advance. Our own generation has been able to mark the points which indicate two such cyclic changes in what seemed before to be straight lines of progress.

One of these is in the line of development of political government; the other, in the line of development of military organization. In the former we have noted in our day some changes in direction in what theretofore seemed a continuous straight line of development of liberal democratic institutions, which indicate an actual reversion towards an ancestral type of autocracy.

In the latter, our generation has witnessed a complete reversion, *in principle*, to the most ancient type of national military organization. I say "in principle" because we cannot pursue in detail a comparison between an organism of almost inconceivable complexity and another so simple as to be almost amorphous. I think that we may accept the traditional organization for war of the Roman people some time before the days of Servius Tullius, when that people had little more than passed from the rude form of tribal government, as a fair type of the organization for war of any people in the early dawn of its civilization—that is, when it has passed the stage of nomadic tribal life and has begun the founding of a city-state. We find then no evidence or suggestion of any special military force set apart from the rest of the community to do its fighting. The entire able-bodied manhood formed the army. The so-called city being as yet not a place for residence but for refuge in time of danger, the community tilled the land and pastured its herds in close vicinity to its refuge. Each man was armed with weapons made by himself to protect himself and his property against predatory men and beasts. And with these arms he went to war. Within a few hours the entire manhood was assembled and the full power of the state—such as it was—was available for attack or defense. Thus, the entire male population converted itself into

a tumultuary army for a short campaign almost annually, and then disbanded to till the fields again.

This fighting of course was symptomatic of growth and necessary to it. The peoples that did not or could not do it, gradually disappeared, being destroyed or absorbed in the mass of the stronger.

Now, keeping within the limits of the growing European world, this principle of universal service was the basis of all national military organization. There were rapid changes of detail within the organization of the military machine, suggested by experience to make the machine more effective in the application of its force—mainly changes in tactical organization and tactical use, in improvement of weapons and in devising engines for the effective attack and defense of fortified places.

But, with growth of population there came a change in the basic principle of universal service. This growth was partly due to the growth of law within expanding territorial areas, which preserved domestic peace—though there was constant war on the borders—protected property, and thus stimulated the growth of commerce and industry. As the territory expanded the distances from its center of mass to its foreign enemies increased. Communications, however much improved, were still such as to limit the size of armies that could be usefully employed. And the state found that it could not use all its available man-power in war. While the principle of liability to service was not abandoned, the military force became more and more set apart to perform this service for the rest of the community. With that gradual change there came in rapidly increasing degree the material evidences of civilization. Because, instead of the state for a part of each year devoting all its energy to war and the remainder to preparation for the next campaign, now works of peace could be continued by at least a part of the community uninterruptedly.

This growing change in Europe culminated with the dissolution of the Roman Empire. Then, for hundreds of years, military systems were based on the hired professional soldier. Indeed, during the darkest centuries of this time, pay and the military oath of allegiance were synonymous terms. The latter acquired its validity from the former. The soldier had



little hesitation in transferring his allegiance, if he could, from the leader who did not pay or did not pay enough, to one who did. The principle, not only of universal service to the state, but of liability to service, as well, disappeared. With sporadic revival of them, neither reappeared in full force until the early wars of the French Revolution, though the principles were not fully enforced then nor in the following wars of Napoleon.

Towards the end of these wars, and as a result of them, there began the system of national military peace-time and war organization which has reached its full development in our day.

We all know what this system is. I mention it only as the last, for it would seem that it cannot be merely the latest, in a series of cyclic changes which has brought us back to the point of origin—that is to say, to the devotion of all the energies of the state to war in war, and a growing part of them in peace to preparation for war.

During all this time, now as formerly, I suppose that the primary subconscious object of each people, when it began to form a peace-time military organization, was defense. But now, as formerly, it is impossible in practice to separate this declared object from the motive of offense. And it is well for those of us who are interested in the subject of disarmament to keep this in mind. The object of defense on the part of one presupposes the object of offense on the part of some one else. And this at once necessitates the competition in armament which has been going on during the historic period. So long, but only so long, as a state has to rely on its military strength for its defense it will never feel reasonably secure unless its power is at least equal to that of one which it suspects of intending offense. It increases its power to bring about equality. If its neighbor really does intend offense, it in turn increases its own; and if it has no such intention, it at once suspects the intention of the other, and for this double reason it increases its power. And it is difficult to see what can change this procedure except the finding of some other means than individual national power to guarantee individual security.

Thus, in my judgment, the answer to the question proposed by my subject is that the object of modern peace-time military organizations is both defense and offense, because in practice

the former may be realized only by the latter. And as to the second part of the question, the extent of such organization is now, as in all time past, limited in the case of each nation solely by, first, the degree of its fear and, second, its available resources.

Now, in what way can world conditions reasonably be expected to modify with resulting modification in the existing military system? To this, each one will have his own answer. I shall give my own. My conclusion is repugnant to the average American. But I state it as my belief, to an expression of which the subject I was asked to talk about naturally and inevitably leads.

Civilization differs from barbarism not in the abolition of force but in the replacement of lawless force, applied at arbitrary will, by force which is regulated and applied by the law of the community concerned. Now, in this discussion, there are two "communities concerned." One is the community which forms the state; the other is the community which is constituted by the states. Each has developed a system of law; on the one hand domestic, on the other international law, or the law of the community of states. Of that community, more extensive than the League at Geneva, we are a member and we have helped to formulate its law. In our domestic law we prohibit force applied at arbitrary will. We make it criminal, and we declare the one who uses it to be a criminal aggressor, and we punish him regardless of the merits of his case in the dispute which led to his act.

But, of course, along with that we had to provide some other way for him to settle his disputes, which we did. His criminal aggression is in the fact, when it is a fact, that he refuses this other way and resorts to force. Does any one suppose that in our domestic law we can "outlaw" the use of force if we neither provide nor even attempt to compel the use of some other way to settle disputes? Abolish courts, and we shall see. Or let the courts remain and allow recourse to them to be optional, and we shall again see. Nor is there one of us that can say he knows or can conceive of any other practicable way to preserve the domestic peace.

In short, domestic civilization requires force regulated by law, and when so regulated we find that we need the least.

Can any one give a valid reason for a belief that any other method will produce similar results in the community of states? I, for one, can not. Temporary and palliative measures may be resorted to. But I do not believe that a radical and permanent change for the better in the general military situation of the world can be expected until a change comes over its spirit, beginning with the relatively few great and highly civilized powers on which, after all, the peace of the world depends; a change that will result in the regulation, at first solely among these powers, of the use of force between states as in the case of individuals within them. And I believe that in no great lapse of time, though self-interest may have to be further reinforced by disastrous war, such a change will come.

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## THE RELATION OF AMERICA TO DISARMAMENT

DAVID HUNTER MILLER

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THE war left behind it at least one kindly legacy; it affords a convenient starting point for a speaker on almost any topic and thus solves that usual and very real difficulty of where to commence.

Certainly here, the war is an unusually appropriate point of departure in discussing the relation of American policy to disarmament, for before 1914 the United States had very little armament, a moderate navy and, if I may venture to put it so, a very limited foreign policy summed up chiefly by the Monroe Doctrine and the Open Door.

One change came with the Naval Appropriation Act of 1916 in the administration of Mr. Wilson and before we entered the war; this created a very extensive naval program; ten battleships, six battle cruisers and ten scout cruisers were only a part of it and it was designed to make our navy one of the great navies of the world, if not equal to any other.

In this Appropriation Act itself there was a rather extraordinary passage which frankly admitted that our program was competitive and provided for its suspension if there should be established "with the cooperation of the United States of America, an international tribunal or tribunals competent to secure peaceful determinations of all international disputes."

Furthermore, there was another remarkable expression in this statute which has a very curious similarity to statements that have been made since at various times in capitals that have a rather more militaristic reputation than Washington: "The United States realizes that no single Nation can disarm and that, without a common agreement upon the subject, every considerable Power must maintain a relative standing in military strength." Rather appropriate that, for Warsaw or Bucharest!

The actual relative naval situation at the end of the war was a very curious one, partly the result of accident and partly

of design. The British fleet was larger than all the others in the world put together; the German navy was gone; the United States was engaged on a program which would have equalled or passed that of the British in 1928 or thereabouts; the French and Italians had been too busy on the land to think much of the water; and the rest of the world, including Russia, was nowhere.

Of course such a situation was too unbalanced to be lasting; but it seemed to be the only phase of armament in which the United States was directly interested. Our army almost automatically went back to about its former size, a size dictated in part by our geographic situation and in part by traditions going back to the times of the Stuarts; and efforts to arouse interest here in the dangers of air warfare did not get very far.

The possibilities of this naval situation were seen very early by the British. It is perhaps not generally known that Mr. Lloyd George at the Peace Conference in 1919 endeavored to get Mr. Wilson to come to some agreement regarding our fleet. But nothing came of this and the race went on until the Washington Conference of 1921 and 1922, where the agreement that was reached stopped the competition of the naval powers in capital ships; but, as the event has shown, stimulated it as to vessels of 10,000 tons and less.

Our declared policy is to agree to the further reduction of the world's fleets including our own; and we are participating in the meetings of the Preparatory Commission on Disarmament which commence next week<sup>1</sup> at Geneva, in which Russia will not cooperate, however; and another circumstance is that Congress is about to vote a rather extensive air program for the next few years.

Now the relation of our policy to any further reduction of sea forces is a perfectly obvious one; our navy is as large as any other, so what we are willing or not willing to do is necessarily one of the controlling factors. On the other hand, our army, so to speak, is of domestic interest only and the two oceans make this true or largely true of our air force.

So, looking no farther, it seems that a very American policy, and from our point of view a very attractive one, is to put the

<sup>1</sup> The Preparatory Commission on Disarmament met in May, 1926.

naval situation in a pigeon-hole by itself and say that we are concerned with fleets and equally of course that we are not concerned with the armies of Europe; let the Europeans if they will, as certainly they should, limit their armies and their air forces; but our policy is not involved at all.

Now I have called this an attractive idea, attractive because it is so simple and also because it leaves us out of some of the most difficult international problems that exist. The trouble with it is that it is unreal except to a very limited degree, a degree that was largely reached at the Washington Conference itself. In other words, under this theory of naval segregation, as I may call it, the Washington Conference might have made some further limitations in capital ships, either in size or in total tonnage or perhaps in both, but that is about all.

Of the three great naval powers, one is American, one is Asiatic, but the other is European. And the British Empire has its interests all over the world, at least as extensive as our own in the Far East, for example. If we admit the proposition that the forces of the Continent of Europe have not the remotest bearing on the size of our fleet, they certainly have a bearing on the size of the British fleet. It may pass the wit of man to establish a standard which will measure the armament of Great Britain against the armament of France, taking properly into account the navy of the former and the air forces and the army of the latter; none the less every one knows they do have a relation in their existence, one to the other.

So let me put it this way: If the size of the British fleet depends, as to some extent it does, upon the size of the Continental forces, and if we say, as we do, that our fleet is to equal the British fleet, then the figures of our Naval Appropriation Bill are governed to some extent by those same Continental armies. Whether we call it proximate or not, the cause is there and the only objection that can be urged to the reasoning is one that I heard quoted the other day in another connection: "It seems so unjust."

Now if I were to follow this argument a little bit farther, which I am not going to do, it might even lead to the still more startling conclusion that the problem of European security is one of the links in the same chain. Think of the consequences of demonstrating that the British fleet would be larger if the League of Nations did not exist! I forbear.

After all, the only logic that is generally effective in the political world is the logic of events, and often even that sort of logic has a pretty rough time of it. Facts are proverbially stubborn things; but it is not my experience that they are any more stubborn than people or even sometimes than governments. Perhaps we might say that facts have more patient endurance than do the human elements of a problem.

A really notable instance of this principle is to be found in what is perhaps a rather minor phase of the armament question; that is the matter of traffic in arms, international traffic, traffic in times of peace. If anything whatever is to be done in connection with the armament problem generally, something must be done regarding this international traffic.

I do not mean at all that such traffic is to be prevented; so far as I am aware nobody has made such a suggestion; but it must at least be known about; in other words, there must be publicity. And if there is to be publicity there must be governmental supervision; I do not say international supervision. In other words, the government of the exporting country must know about the export and permit it and the government of the importing country must authorize the import. Indeed it is so obvious that traffic in arms might defeat any armament agreement whatever that at the Washington Conference the contracting powers went so far as to agree not to transfer vessels of war at all.

The necessity of the cooperation of this country in any scheme whatever about the arms traffic is apparent. The productive capacity of the United States for most kinds of armament is greater than that of any other one country. Publicity, with American figures omitted, would be meaningless; supervision, if the United States stood apart, would simply mean that the United States did the business which other countries gave up; and the possible evils of the business, unrestricted and secret, are very great. There is not very much satisfaction in remembering the source of the rifles with which different varieties of Chinese have recently been engaged in killing each other. In this connection, and even more obviously perhaps, in some other regions such as Africa, our Western civilization seems to have been willing to "take the Cash and let the Credit go."

As I said, it is perhaps a minor phase of a much greater problem and one that does not excite great public interest; still we are of necessity involved in it; and it is gratifying to think that we took part in the conference last year at Geneva which dealt with the question and drafted a treaty which Mr. Coolidge warmly recommended to the consideration of the Senate in his Message last December.

I noticed the other day that a question was asked in the House of Commons as to what the prospects were for immediate ratification of this treaty; Sir Austen Chamberlain's reply was very properly quite a cautious one; it would certainly be entirely useless for other governments to act in the matter before we do; and delay in such matters is not unknown here.

My effort has been to deal with some of the visible realities with which we are indeed concerned; but there are some realities that are not visible. One of these is the influence of American opinion, which in the long run perhaps forms the basis of the later policy; and those of you whose high function it is to aid in the development of that opinion have in your charge more than a little share in shaping the destiny of mankind.

## BRITISH POLICY AND DISARMAMENT

H. WILSON HARRIS

Editor, *Headway*; Diplomatic Correspondent, *Daily News*, London

[In introducing Mr. Harris, the Chairman, President Butler, said:—It is a peculiar pleasure to welcome to these discussions some distinguished journalists from sister lands who have done us the honor to accept invitations to come this great distance in order to give us the benefit of their presence and their counsel. First, it gives me much satisfaction to present a representative of the journalism and public life of Great Britain, Parliamentary Secretary of the League of Nations Union, a member of the staff of the London *Daily News*, Mr. H. Wilson Harris. (Applause).]

**S**PEAKING as an immigrant alien whose moral turpitude has been sufficiently slender in volume or sufficiently successfully disguised to enable me to obtain lodgment on your shores, may I, on behalf of my fellow foreigners, express the very great satisfaction with which we received the invitation to visit this conference and the extreme pleasure which it gives me, and I am sure gives all of us, to be here tonight.

The subject with which I am especially entrusted is the policy of Great Britain in regard to disarmament, and I find myself confronted at the outset by a certain difficulty because I have serious doubts as to whether such a thing as a British policy on disarmament exists. Men differ in Great Britain, as in other countries, on political questions. I myself am a member of a comparatively small minority. Those who differ from me and my handful of fellow secretaries are almost always wrong, but the fact remains that they do differ, and they differ in regard to armaments as in regard to other questions.

To take the two largest political groups in our country, there is a fairly clear-cut difference, at any rate, a difference in degree, between the attitude of the Labor party and of the Conservative party. That was demonstrated in particular in regard to the question of the Singapore naval base — a ques-



tion, by the way, not of creating a new naval base, but of enlarging an existing base in order to keep pace with the growing size of modern war vessels. The Conservative party was in favor of extending the base, and it is in fact being extended, whereas the Labor party was opposed to any such action. It would be easy to quote other cases in which it could be shown that there is not one British national policy, but at least two or probably more, in regard to disarmament as in regard to other matters. At the same time there are, of course, certain arguments used by politicians of all parties; there are certain considerations based on the facts of the case which must affect their judgments and which do enable one to stand on such a platform as this and give in broad outline what may be regarded as the British attitude toward the general disarmament problem. After all, I think we should be doing wrong if we were to seek too assiduously to discover distinctive national attitudes in this matter. If every nation has a separate policy of its own, unity will be singularly difficult to attain. Therefore if it should turn out in the course of these discussions here that the policy of one country is after all not so very far different from the policy of another country, even though we may have lost something in rhetorical effect, we shall at any rate have gained something in our approach to practical results.

This, at any rate, may be said of Great Britain; that no matter what party may be in power at a given moment, we do recognize, I think, our treaty obligations and we are bound by at least three recent treaties to take definite and practical action in this matter of disarmament. We are signatories of Chapter Five of the Treaty of Versailles which in providing for the disarmament of Germany laid it down specifically that that disarmament was being imposed on Germany solely in order to enable the Allied Powers—and other powers as well—to reduce their armaments to a point to which they could not reduce them unless the armaments of Germany had been compulsorily cut down to a lower level.

We are signatories also of Article Eight of the Covenant, and all signatories of that article bind themselves to take steps to reduce their armaments to the lowest level consistent with national safety and the enforcement by common action of in-

ternational obligations. Much more recently we are one of the seven signatories of the Treaty of Locarno, and the Final Act of that treaty lays it down that the signatories believe that the very fact of concluding the treaty established a sufficient degree of security to justify the states in proceeding toward reduction of armaments, and they further pledge themselves actually to carry that reduction out. So that whatever government is in power in Great Britain, it is under a solemn obligation to take some steps in concert with other states to bring about limitation certainly, and if it be possible, actual reduction, of armaments. We have, therefore, a national policy pointing toward disarmament and in considering that policy, however briefly, we must divide it into two categories, the policy of disarmament for ourselves and the policy which we desire, not indeed to impose on other nations, but to persuade other nations to adopt.

Let us turn briefly first to the former of those categories. What is the feeling, the predominant feeling, of public opinion in Great Britain regarding the present armaments of Great Britain? That question again must be considered obviously under the head of army, navy and air forces. Regarding the British army, there is, I think, little to be said. Like the American army, it has been cut down virtually to the level of a police force and it can hardly be imagined that under any general scheme of disarmament Great Britain would be required or expected to reduce her military forces further. If she were, I believe she would be willing to meet that demand in a reasonable spirit. When we come to the navy the case, of course, is entirely different. The navy has to be regarded not merely in its concrete form as it exists today but in some relation to the whole course of English history. It may not be entirely logical that we should take those sentimental considerations into account, but they exist, and we should make a mistake in approaching this question if we left any salient characteristic out of account. And the fact is that Great Britain has a great naval tradition. We may be merely a small island on the coast of Europe, just as the United States is merely a kind of an accident interposed between the Canadian and the Mexican frontiers (laughter) but our lines have gone out to the ends of the earth, and they have gone out for the



most part over the surface of the seas. It was our merchant venturers who carried English blood first of all to the coast of Massachusetts and to Virginia and Carolina. It is too late to repent of that now (laughter) for it is part of our national history, and also part of yours. The result of all that is that there exists a national sentiment regarding the navy in Great Britain which does not exist for a moment regarding the army. It corresponds very much more, I suppose, to the sentiment which exists regarding the army in the case of various continental powers, and we have to reckon with the fact that any proposals for the reduction of the British navy will meet with a certain sentimental, slightly unreasoning opposition on the part of those who feel that the greatness of Great Britain, such as it is, is bound up inseparably with the greatness of the British navy. Of course, small island though we may be, we have—not possessions, because that word is now superseded happily—we have associated nations spread over the whole of the face of the earth, and however questionable may have been the method of obtaining some of those territories, at any rate we have in the main ruled them well or allowed them to rule themselves well, and in any case they have to be defended in case of war. The relations between the dominions of Great Britain at the present time are such that Great Britain bears the main part of the burden of naval defense, and in considering the standard of our navy we have to take some account of the tasks which may be imposed upon it in time of war. At the same time that argument, of course, lays itself open to a quite reasonable and a quite legitimate response. After all, a navy does not exist to protect its commerce or the outlying dominions of the country against marine monsters; it exists to protect them against one thing and one thing alone—that is the navies of other nations. Therefore, in proportion as the navies of other nations can be and are reduced, the claim on the maintenance of the British navy at a high standard is so far reduced.

I am not quite sure that my countrymen will appreciate the truth of that unquestionable dogma quite as readily and quite as decisively as they should, and it seems to me a perfectly legitimate diversion on the part of some other nation to endeavor to impress that truth upon us, as it must be impressed

on every nation from whom a reduction of navy or army or air forces is sought.

We have, of course, to some extent reduced our navy just as the United States to some extent has reduced hers, but the mere limitation of capital ships and aircraft carriers does not take us very far. We are already plunged into an undisguised race in a new type of cruiser. The last cruiser constructed in Great Britain cost seven million pounds, \$35,000,000, and the annual upkeep is not far short of half a million pounds, \$2,500,000. That is the kind of burden which we cannot go on accumulating in these times, and if there were no other argument in favor of disarmament, the economic argument would more and more impose itself upon us. Therefore I believe Great Britain will be ready perhaps to initiate, certainly to respond to, any proposals that may be made in an international discussion for a considerable extension of that form of reduction of armaments in regard to which the first very limited steps were taken at Washington in 1921 and 1922.

In regard to the air force, there again we find ourselves driven to a competition we do not seek. A great neighbor with whom we stand on the friendliest relations is developing an air force on a very extensive scale. It is perfectly certain that that air force is not directed against Great Britain, but there it is, and there it will remain, at a distance from our shores which makes it possible for our greatest cities to be laid in ruins in an attack that need not, I suppose, last more than a matter of hours, or certainly of days. We have to face the position of the men, the experts and to some extent the politicians in our own country, who are responsible for national defense. They are entitled to say, I am afraid, in view of the record of history, that you can never be perfectly certain that the friend of today may not be the enemy of tomorrow and that in any case the business of the expert is to provide for the defense of his country against any external danger which may threaten it, no matter what the sentiments existing between the country from which that danger appears to threaten and the country on which they speak. Therefore we are embarked again on a very thinly disguised race in air power, and even as I came here on the train tonight I tore from the the evening paper a paragraph which I will not read, but the nature of

which is sufficiently indicated by one of those headlines which so far surpass in zest anything of which we are ever capable in the rather more conservative journalism of my own country, "‘ITALY WILL OUTSTRIP WORLD’S AIR FORCES,’ AVIATION HEAD SAYS." That declaration, on the part either of the commander of the Italian air force or of a sub-editor in a New York office, will be read in Paris and in London, and it can hardly fail to have the kind of effect that that sort of announcement always must have. Therefore, in the matter of air armament we certainly in Great Britain feel eager for any international arrangement that can be reached, though at the same time fully conscious of the extraordinary technical difficulties that stand in the way of any effective agreement to limit the actual striking power of an air force which can be recruited from commercial aeroplanes adapted almost in a few hours to military uses.

So much then for our own policy in regard to our own armaments. But Great Britain, like the United States, is next week going into discussion with the representatives of some eighteen or nineteen other nations in the hope of evolving an international disarmament policy and our representatives will go there not entirely devoid of ideas as to the policy they would like to see adopted.

They believe, first of all, that for the reasons that Professor Shotwell demonstrated so clearly, security and disarmament must be associated. In Europe at any rate until nations can somehow feel secure from the dangers which they believe to threaten them—and a mere belief in danger is sufficient in itself to account for large armaments quite apart from the actual existence of the danger—until they can get somehow free from their belief in that danger they are not going to be willing to reduce their armaments. Therefore the formula that disarmament and security must go together will, I think, be supported by the representatives of Great Britain. They believe further in the main that disarmament must be universal. If you take the map of Europe it is very easy to see that you cannot segregate a little group of states and say, we will have disarmament here and we will leave disarmament alone in the rest of the continent. Russia, of course, is from some points of view the key to the situation. If Russia will

not reduce, Rumania, let us say, cannot reduce. If Rumania maintains large forces, her neighbors in the Balkans will do the same. That will react on Italy, that in turn will react on France, and that possibly may react on Great Britain and on certain other states. Therefore the aim must be some relatively universal disarmament agreement into which practically all the states of the continent of Europe can enter.

At the same time, as the Locarno agreement showed, there is the possibility—and the British policy is to recognize the possibility—that in certain notorious danger areas, if one may so term them, agreements may be reached which will create security in those particular areas and simultaneously and for obvious reasons, enable a certain reduction of armaments to take place in those special areas without any direct relation to what is taking place over a larger space of territory.

I think this may be affirmed—and it is extremely important that it should be affirmed—as a policy which is certainly the British policy, and I trust may be the policy of most other nations taking part in the impending discussion, that if under the existing circumstances progress is to be made at all, that progress must by the nature of things be slow, and it is vitally important that both the actual men who take part in the discussions and the public who follow those discussions from a distance should preserve a reasonable poise and wait patiently for the gradual working out of a scheme, which if it is to be comprehensive must be almost infinitely complex.

There is no time here tonight to demonstrate what it really means to reduce land armaments, and measure the land armaments of one country against the land armaments of another—because that is a task which faces us. We have got somehow either to maintain the armaments of different countries in a certain relation to one another on a lower scale or else to create, it may be, a new relationship in defensive armaments between one country and another. And when you come to consider how you can measure armies, when you realize the utter impossibility of merely dealing in figures of man-power, comparing for example 500,000 Chinese with 500,000 French—to take an extreme example—when you realize the extraordinary difference in the equipment of armies and in the efficiency which that equipment creates; when you realize how

the money factor itself is quite indecisive because one country will spend the same money but buy with it a far higher degree of efficiency than another; when that, and about a hundred other considerations are taken into actual consideration, how infinitely patient must be those who are preparing the ground for that ultimate disarmament conference which must, I suppose, be at least twelve or eighteen months, or perhaps more than that, distant still.

Great Britain, as a signatory of the Washington convention, is under no illusion as to the abyss of difference which separates the Washington problem, merely the reduction of the battle fleets of five powers, from the vast naval and military and aerial problem which confronts Europe today. Therefore the British policy is quite definitely and quite clearly to proceed methodically, to proceed slowly, but to proceed with determination as well as with deliberation.

The real problem seems to me—and it applies to Great Britain only as one among many other states—to be this: Are we going to allow—I speak with the most profound deference for the distinguished speaker who has preceded me and I think he will not take exception to what I am going to say—are we going to allow, as so often in the past, the politician, the civilian, to labor for a scheme of disarmament and the expert merely to spend his time in showing how impossible that scheme is; or are we in each country going to see the politicians use to the full their proper prerogatives and instruct the experts who are their servants to prepare plans of disarmaments which must be as practical, and can be as practical, as the schemes of war which they live to produce? Are we in that way going to see the whole military and naval resources of each country turned at the will of the governments of the country into the preparation of a common plan of disarmament?

If we are going to see that, if we have that sincerity among the different countries—and I believe I may claim that we have it in my own country—then though the road toward an effective reduction of armaments may be long, I myself believe that we may have considerable confidence that before this generation is in its grave something very like the goal toward which we have been aiming will in effect have been attained.



## FRENCH POLICY AND DISARMAMENT

GEORGES LECHARTIER

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[In introducing M. Lechartier, the Chairman, President Butler, said:—From France we welcome a journalist of exceptional influence and representative capacity, who knows our country well, who was stationed at Washington as correspondent of his journal during the war, who is one of the leading members of the staff of the *Journal des Débats* of Paris, and, we are happy to add, an important member of the Administrative Committee which has charge in Europe of the work of the Carnegie Endowment. I present M. Georges Lechartier. (Applause).]

I FEEL that I must try to refute an accusation which has been widely spread in the United States for the last seven years. It was first launched, in a moment of nervousness, in a memorable note of President Wilson's in 1919. It has been repeated many times since—and not by the best friend of France—in the Senate at Washington. It has been renewed more recently and emphasized in a so-called report of the American ambassador to Great Britain. It is about the militarism and imperialism of France. I must refute it because, should this accusation be true, it is obvious that France will never agree to any plan or program of disarmament, as she will not like to be deprived of the means of exerting her imperialism and militarism.

What first caused this accusation? I am tempted to say, what created this legend? After the terrible experience of 1919, France wished naturally to be protected against any possible return of such a catastrophe as she had just encountered. She at one moment hoped that the tripartite treaty which had been much spoken of at the time of the Peace Conference would forever free her from all fears of that kind. As this treaty failed, however, to be ratified, she turned to herself for future help and security and had recourse to the same old means which have been used for that purpose ever since man-

kind began to be divided into nations, the strengthening of her military force. This, at the moment, was a preventive measure designed to insure her security.

Very unfortunately, France has had, since that time, three occasions to make use of this military force: in the Ruhr, in Morocco, in Syria. About the Ruhr, I think everything has been said. It may be recalled that President Poincaré believed—rightly or wrongly (for myself I thought he was wrong and said it)—that he should immediately use the powers given by the treaty in order to make Germany meet certain obligations which she appeared at the time to be more or less inclined to evade. The result of this adventure, as you know, proved disastrous in every way—materially, financially, politically, and even morally—for it dealt a very severe blow to the prestige of France abroad. However, it must be noted that, in the first case, the commanding motives which decided the premier's action were neither militaristic nor imperialistic. It was a case in which France endeavored to compel fulfilment of the terms of a contract by a contracting party toward whom she thought she had reasons for mistrust. It may have been a case of misjudgment on the part of the premier—in fact, as I said, I believe it was—but this misjudgment occurred in all good faith and the war-tired French people would certainly not have endorsed and backed, even tolerated, the miserable expedition had it been determined through any other motive than defense and protection.

As to Morocco, the situation appears to be somewhat different. At first sight it does not seem that it can be a defensive war. In fact, it is. What seems to have been overlooked here is that the Riffians, whom we are fighting in Morocco, live in a country with which we have nothing to do, and so long as they stayed there we took no notice of what they were doing. But what we objected to was that they left their own country and invaded the one where by introducing peace and prosperity we had so won the good will of the people that they not only did not give us any trouble during the Great War—when they could have done it easily—but volunteered to fight for us, and fought splendidly during the four years of the war. If some Mexican party invaded California or Texas, it is probable that the United States would promptly dispatch

troops to expel it, and nobody would even dream of accusing you of militarism or imperialism. Well, this is exactly the case with Morocco and France.

Now what about Syria? Syria is a country which France saved in 1860 from the terrible fate which has since been that of unfortunate Armenia. It may be recalled that we took and exercised this Syrian mandate with the approval of forty-eight nations and with the full agreement of the majority of the Syrians themselves. Some faults have been committed since. But the man guilty of these faults has been recalled. The instructions publicly given to his successor are as follows: "Liberty of conscience. Individual liberty. Equality before the law. Right of property in accordance with the Declaration of the Rights of Man." The aim of France is to protect the Syrians against invaders and to enable them to protect themselves in a given time. The states into which Syria is now divided according to different races and creeds "are to have representative governments of republican form." Each state is to vote its organic laws. The Grand Liban (Greater Lebanon) has already voted them. It has been actually proved that the Syrians do not—as has been said by too interested propagandists—desire their independence. That would mean for them massacre, wholesale murders, as it did for Armenia. We are willing to quit Syria as soon as Syria sincerely declares and shows that she no more needs nor wants us.

If one more proof that France is not imperialistic were needed, it could be found in the comparison of her military expenditures with those of Great Britain and the United States. In 1914 French military expenditures were 2,150,000,000 gold francs; in 1925 they were only 1,383,000,000 gold francs. In Great Britain in 1914, expenditures were 2,700,000,000 gold francs; in 1925, 3,800,000,000 gold francs. In the United States in 1914 they were 1,286,000,000, and in 1925, 2,800,000,000. Of the three nations, France is by far the one which spends the least for her national defense.

I think that these too brief explanations were necessary to dissipate a too long-lived misunderstanding concerning the true feelings of France about military adventures and consequently about disarmament. In fact, for France, the question of disarmament is strongly and irrevocably bound to the prob-



lem of security. If I needed really disinterested and unprejudiced support on this subject, I would quote the opinion of a paper which is appreciated throughout the world and considered most representative of the opinion of Great Britain. Great Britain, I may be permitted to add, has not invariably appeared in history, and particularly in recent history, as overly prejudiced in favor of France. Speaking of the resentment which was aroused through all France at the recent publication of the so-called report of Mr. Houghton, the *London Times* wrote editorially:

We are certainly able to realize what is lacking, for instance in Mr. Houghton's very vehement criticism of France. There have been times—as in the Ruhr period—when dangerous tendencies in the French policy have been very clearly marked, but, if there is one thing certain in Europe to-day, it is that the dominating motive of French policy is not a desire for war, but, on the contrary, an exceptionally acute dread of war. To allay the fears of France is to promote peace.

Indeed, fully to understand this view is to understand the fundamental armament and disarmament policy of France ever since 1918. Disarmament is conditioned by security. The humblest citizen of a country which, better than any other, knows what war means would feel delighted should he be enabled through new political conditions to economize the money and time actually wasted in France on military armaments. But, on the other hand, since the recent terrible experience he is not unaware of what it costs to be exposed to the danger of an invasion; and he does not feel inclined to submit lightly and perhaps prematurely to an experiment to which, should it fail, he would fall the first victim.

The recent conferences of the League, since 1922, on disarmament have not removed his fears. In the absence of America, who alone is capable through her geographic situation as well as through her power in men, wealth and ideals, to act as a stabilizing power, he fears that the League is not actually so composed as to give him the necessary security for abandoning the policy of France concerning armaments. He fears that the majority of the states which are represented in the Assembly at Geneva can be too easily persuaded to admit schemes generous in appearance but Utopian as far as efficiency is concerned and dangerous in their results—and that for a

psychological and too human reason, simply because those states by their geographical situation are protected, at least partially, against threats which others not so well protected have to face constantly. Nations are just as naturally selfish as individuals.

The average Frenchman would like the opinions of those who are thus more threatened, such as France, Belgium, Czechoslovakia, Rumania, Poland, Sweden, Norway and Holland, to be of more weight in the Assembly than the opinions of better protected nations. He would like the voices to be weighed rather than counted, for there is no equality of risks.

He does not believe that all European nations are now in such a state of good will and reconciliation as to render the use of force unnecessary to reduce a revolted nation which, having industrial power, may have prepared secretly for war. He believes that, under the actual circumstances, should a dispute arise between disarmed France and another nation, secretly armed, nine-tenths of the nations represented in the League, being not directly interested in this dispute, would spare themselves the painful effort of military intervention and with all due diplomatic forms and attitudes would support the stronger state against the weaker, namely France, if she disarmed. Moreover, he is not ready to believe that, given the actual direction of the national feelings of the European nations on one hand and the progress of science on the other hand, the signing of a paper will be sufficient to prevent a nation which has secretly prepared for war from launching that war at the precise moment when she esteems that her national interest commands it. No one knows what form war may take in the future. And the French fear that while a conference of disarmament may be reducing armaments at sea, on land and in the air, a lonely, resentful nation may possibly be preparing her powerful industries and chemical plants to be turned into the most deadly gas factories overnight, and a new, more hideous kind of war may be launched when nobody is prepared for it.

In brief, the French think that there is no use talking of disarmament—whether it be at sea, on land or in the air—so long as there has not been accomplished a radical change in the views and hearts of the peoples as regards the high gen-

eral interests of mankind, dominating the limited, selfish view of national and immediate interests. The French believe that moral disarmament must precede and enforce material disarmament.

Are these difficulties insoluble? No! In international policy there are few insoluble problems. They are only problems which it will take time and constant, untiring effort to solve. In the case of disarmament, the confidence and security which are now lacking will be given when the peoples are so educated as to understand that the barbarous methods of calling men to arms for settling disputes between governments have no more a place in civilization. It will be achieved through the development of what has been so judiciously called the "international mind," the only antidote against the selfishness of nations. And the earlier this education is begun, the earlier the international mind is developed, the sooner the old prejudices of the nations will vanish, confidence take the place of suspicion and hatred, and final and sincere disarmament be achieved.

## THE NEW ARRANGEMENTS IN EUROPE

FRITZ SCHOTTHOEFER

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THE subject I have the honor to deal with is of a very complicated nature. I cannot undertake to explain it in detail. It could be considered from the point of view of international law, or of internal European politics, or in its significance for the whole world. The time just permits me to give you a glimpse of it.

The new arrangements in Europe are in one word the Treaty of Locarno. They constitute one of the most important facts in European history since long years and the other continents cannot be indifferent to their political significance. It is impossible not to pay fullest attention to the events in Asia, which seem to open an era of racial antagonism on a world scale. But it is just in connection with those tremendous future problems that European politics acquire a significance reaching far beyond their own frame. Where would the place of Europe be in cases where the other continents are in conflict? I only mention this side of the problem, to show you the interest which the non-European peoples and political groups may have in the complete pacification of Europe or in maintaining her in a state of restlessness.

Europe has not yet completely overcome the crisis of the war. The peace treaties have left a lot of irritating questions to be resolved in some way or other. The tracing of the new frontiers in Europe created a number of weak points in the body of peace. I need not mention them in particular. In past history such problems generally caused war, and it is just in this respect that the new arrangements in Europe are important. The lesson of the war is beginning to fructify. We are convinced that a new war and new peace treaties would not settle anything. There must be found other means and methods of settlement. That constitutes a radical change in political thinking, and that is what we call in Europe the Spirit of Locarno.

I should not like to give you the impression that Europe might be suddenly cured of all her diseases by that spirit. I am not even sure that it will make its appearance each time we call it to our table. But we must appreciate at its true value what that change in political thinking practically means. It means: (1) the beginning of a revival of confidence among nations; (2) a will for cooperation in establishing and insuring peace in Europe. In my mind those are the essential features of the recent evolution of affairs in Europe. The treaties are only the outcome of that political mentality.

Now that Spirit of Locarno has not come over us from heaven as a theory which diplomacy simply was to apply and to transform into treaties. I consider it to be a great advantage that this new insight is the result of practical political experience and not of pure pacifism. The very origin of the Locarno treaties lies in the Pact of Guaranty which had been promised at Versailles to France by the United States and by Great Britain, and which had not been effectuated. History is often a paradox. That pact was an alliance against Germany. Now it has become a mutual alliance which might turn against France herself if she should menace peace.

The Locarno treaties run in two lines: (1) definite recognition of the present state of things in western Europe completed by arbitration and treaties; (2) a promise not to make war for the settlement of questions in eastern Europe, so far as Germany is concerned, but to resort to arbitration.

I may be allowed to give my personal opinion here. I should like to attribute the higher value of these arrangements to the arbitration treaties, though they appear rather as an appendix, or, in the eastern question, as a momentary way of escape from the present difficulties.

It is generally admitted that arbitration cannot settle irritating political problems. A number of arbitral sentences of the kind which could be accepted by one side only *contre coeur* would increase nervousness instead of diminishing it. The question therefore is: How can you make peoples ready to accept those sentences? I think the only way is to avoid the sentences and to prepare the peoples for free agreements. Arbitration could not be separated, in such cases, from diplomacy. The treaties will—at any rate, I hope so—do much to

create a state of mind inclined to conciliation, and this spirit will have a great influence on the whole political evolution. To arrive at this goal it is not necessary to change human nature but only to adopt a manner of practical and realistic political thinking. I am very glad to see that I find this sort of thinking here in this meeting in its best form.

What I said of the Spirit of Locarno is not Utopian or too optimistic. The treaties have not yet attained their full juridical reality. Their enforcement depends upon Germany's joining the League of Nations. But they have already entered the realm of practical policy in lessening the burden of military occupation on the Rhine and promising further facilities to Germany, for instance, in the question of commercial aircraft.

Now I come to another point: Is Locarno in opposition to Geneva? The unsuccessful March session of the League of Nations seems to prove that it is so. Seen from this side of the Atlantic, that is to say at a great distance, the difficulties of the March session took indeed the character of a menace to the existence of the League. The Locarno powers themselves were in a dangerous crisis. But at last they agreed on a compromise which would have insured the admission of Germany into the League. The final failure was due to extra-European causes. Nevertheless it is scarcely deniable that the European compromise was not a model of masterful diplomacy.

In principle and for the future it may be said that the Locarno treaties will work out directly to the advantage of the League. They purify the air of Geneva. They relieve the League of precisely the most irritating European problems, handing them over to direct agreement or arbitration among the peoples directly interested in them. The League would suffer the gravest interior convulsions if it had to deal with those problems. That statement may not be very flattering to the League. But children may grow stronger when they escape certain infantile diseases.

Here I might mention the new Russo-German treaty. It has been interpreted as a deviation from the paths of Locarno and Geneva. On the Russian side that idea may have had a certain importance. Russia does not like to see Europe united against her. But the apprehensions put forward by some



papers in France and England are not justified. The French and English governments agree with the sense of the new treaty. Germany on her side at any rate tried to protect her interests in the East and the West. Those special treaties are not forbidden by the League to their members. Germany thought in particular to preserve her position with regard to Article 16 of the Covenant. She has obviously the most serious reasons for claiming a special treatment. The members of the League are equal in rights. But in geographical reality that equality does not exist. Germany, situated in the center of Europe, is much more exposed to the peril of becoming the battlefield between the East and the West than the peripheral countries.

Now you may ask me: Is that Spirit of Locarno the true and the sole "*spiritus rector*" of European evolution? There is still at work a good deal of the old diplomacy which seems incapable of discarding the ideas of Balance of Power and systems of alliances. And certainly the Spirit of Locarno has not yet penetrated all the political parties in European countries. There are strong tendencies of opposition on the extreme wings—Nationalism in its violent action and the Communist revolutionary with his widespread agitation. Both openly fight Locarno and Geneva in all European countries. But the real influence of these movements is far from dominating public opinion and the policy adopted by the democratic governments. Moreover, the Locarno treaties have been accepted by large majorities in the parliaments. I venture to say that even a change in the majorities would not seriously affect the attitude of the different nations with regard to Locarno.

I arrive at my conclusion: The new arrangements in Europe prove that the governments and the peoples felt the necessity of terminating a state of nervousness which was doing so much harm to everybody. They resolved to adopt methods of pacification and to substitute them for a policy which aimed to preserve peace only by preparing for war. What I have described to you is only change of mind. But I think that is a very great thing.



## SANCTIONS

DAVID HUNTER MILLER

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**T**HERE are some general questions about sanctions that may be suggested as a preliminary to the discussion.

We think of sanctions as being guarantees for the performance or penalties for the breach of an international agreement, and of course ordinarily we are thinking of a serious breach, perhaps even only of aggression in the now accepted sense of the refusal of arbitration and the resort to war instead.

Now, there are various schools of thought about sanctions. One very definite idea is that there should not be sanctions at all and one chief argument in support of this idea is that under the state system the effect of a sanction, if applied, is to visit punishment on the innocent; in other words, the chief of state or the government, even a very democratic government, plunges the country into war; the sanctions are applied and the consequence is or may be that the most innocent part of the population, those who were opposed to the war, for example, or even children who know nothing about it, suffer as the result of the economic blockade or whatever the sanction may be. It is the inevitable result of the state system, not only in connection with sanctions but with almost everything else.

If the government goes wrong, the consequences are visited on the people. This is perfectly true of an erroneous fiscal policy, for example; an inflation of the currency, as we have recently seen, may bring want or misery to millions of people who have not the slightest idea about the currency problem and had nothing directly to do with the mistake; everybody has to pay for an extravagant government.

We are apt to think of the responsible government as meaning that the rulers are responsible to the people; but it also means that the people are responsible for the mistakes of the rulers. Indeed the same thing is true in municipal law; the

unity of the family is such that no wisdom has ever yet found a way of punishing a criminal, whether by fine or imprisonment or anything else, without at least the possibility of causing disgrace or perhaps ruin to his immediate family.

And turning back to sanctions and looking at the other side of the picture, it is to be remembered that the complete absence of sanctions means that a state which violates its treaties, no matter how wantonly, stands on precisely the same international footing as one that keeps them in good faith; and this seems contrary to rather elementary notions of an international society of states.

Another school of thought is at the other extreme. It would provide an almost automatic liability for every violation of an international engagement; and looking at the analogy of human society generally, this school sees the same development taking place internationally, the growth of law with an application of penalties and the enforcement of law, as we call it, though it is not enforcement at all, going along step by step with the law itself.

The most complete attempt to embody this system in a document with thoroughgoing logic was the Protocol of Geneva. As to this, my only comment is that while there is a good deal of analogy between the progress that human society has made nationally and the development of the state system since the 17th century in particular, I do not think that the analogy is as perfect as is generally supposed. There are differences which are somewhat obscured by the use of the same words in different connections.

It is unnecessary to pursue this thought except to point out that, of necessity, dealing with individuals under authority has some very essential differences from dealing with those intangible entities that we call states, which, theoretically speaking, are on a plane of equality and make law by their own consent.

Another school of thought may be called the British School because it was the basis of the British reaction to the proposal of the Protocol of Geneva. The idea here is to be more practical even if less logical in a theoretic sense. I would put it this way: A state has certain direct interests; the application of sanctions requires binding engagements for the future; no country should enter into such engagements except in cases

where it can see in advance that its interests would be involved, and this because, or partly because, people should not be so committed, and partly because there is a good deal of doubt as to whether they would carry out the commitment if, when the time came, they felt they had no particular concern with it. To put it concretely, the British under this idea would make a commitment about the Rhine, but not about the Dniester. And this school of thought has found a very concrete instance, of course, in Locarno.

There is still one more, which may perhaps be said to occupy a middle ground between the logic of the Protocol of Geneva and the self-interest of the Pacts of Locarno. I would not venture to give it a name, but it was put forward in the so-called American Plan of 1924. Its fundamental idea is that sanctions should be voluntary in their execution, but automatic in their possibility.

The idea is, in other words, that the occasion for the application of the sanction is agreed to in advance and in this sense is automatic; the aggressor state, so to speak, itself steps outside the pale and loses its rights to equal treatment. But the action by other states in that sense shall be such action or none at all as they see fit when the time comes. The theory here is, and I say very frankly that I think it is sound, that it not only avoids the commitment or obligation, but that the very uncertainty and the vagueness of the sanction, the ignorance of the potential aggressor as to what will happen if the aggression takes place, would be much more effective than any precise knowledge could be. And looking at international relations as a reality, this uncertainty would be more effective because it would be impossible to make preparations in advance to counteract the possibilities of the unknown.

One more thought which is applicable to sanctions generally. We are very apt to think of them as being put into effect, by boys going to the Balkans for example. This seems a realistic way to think of sanctions; I submit that it is not a realistic way. It seems to me that if we reflect upon it, we would have to recognize that any sanctions that had to be put into operation, with any frequency at least, would not work. If the theory of sanctions is going to be effective broadly and generally, they will be sanctions which will deter the aggressor

rather than remedy the aggression; they must be prevention and not cure.

And I suggest to you finally that this brings forward for answer the question which has not been sufficiently discussed, and that is whether "security" means a security which prevents attack or security which repels an attack after it is launched.

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## SANCTIONS AND DISARMAMENT

DR. WILLIAM MARTIN

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**M**ILITARY armaments may be regarded either as a cause of wars or as a consequence of the feeling of insecurity. If they are primarily a cause of unrest, they must, of course, be attacked, in order to bring about peace. But if they are chiefly a consequence, the true cause must first be taken in hand before you can deal with disarmament with much hope of success.

On the whole, up to date the Anglo-Saxon people have paid more attention to the first aspect of the problem, the continental nations, which are more endangered by their geographical situation, being more concerned with the latter. Hence the differences in the method of dealing with the problem of disarmament which the discussion of the League on this matter in the course of the last years has revealed. The continental nations have always emphasized the necessity of giving to each state serious guarantees of security before any scheme of disarmament is adopted. Of course, security means sanction. It means that in the case of an unprovoked war, the nation attacked, having done no wrong, should be able to rely upon the help and cooperation of all the other members of the League or at least of a sufficient number to assure the victory.

No state can be expected to give up its armaments unless it can be certain of being helped in case of emergency in a very efficient way. That has been from the very outset the main topic of the discussions of the League on this subject. The British said: Disarmament first, if you have no army, you will have no war. The other people answered: We shall disarm when you give us a clear pledge to come to our help if needed. This the British Government was not willing to do.

Of course, there was Article 16 of the Covenant, providing for economic sanctions against any member breaking his obligations towards the League. But unfortunately, Article 16,

which is not very clear, has been weakened, in the first year of the League, through a very loose interpretation. At that time the policy of the League was to make itself insignificant in order not to frighten the United States. Everything that could be done to make the Covenant more acceptable to the irreconcilables of this country has been tried and done. As Articles 10 and 16—closely bound together—were some of the chief arguments which had been brought forward against the United States joining the League, there was in Geneva at that time a strong tendency to weaken them as much as possible in order to make them inoffensive. Moreover, the British Government, which would have had no objection to Article 16 if applied at the same time by themselves and by the United States, were very much worried about the competition of this country in case of a blockade in which Great Britain would be bound to participate, but not the United States. Nevertheless, the real weakness of Article 16 does not lie in the interpretation given by the Assembly of the League in its first sessions. It lies elsewhere, in the lack of a clear and indisputable definition of the aggressor. Article 16 applies to any aggressor. If the aggressor can be ascertained at once and unanimously, it is all right. But if he cannot, the League is in danger of going to pieces at the first attempt to make Article 16 a reality. That is just the difficulty in the face of which every effort of the League towards disarmament has failed. When Lord Esher prepared in 1921 a scheme under which the forces of every country would have been determined on the basis of their man power, everybody objected that he did nothing to bring about security. When in 1923, Lord Cecil and M. Henri de Jouvenel drafted in common their treaty of mutual guarantee, everybody objected that it contained no provision for the determination of aggressors. That is why the League of Nations was at last obliged to redraft the treaty of mutual guarantee so as to make of it the Geneva Protocol.

The Geneva Protocol was just the reverse of everything that had been done before. Instead of weakening Articles 10 and 16 in order to appeal to the United States, it reinforced them in order to make the League more efficient, to enable it to apply Article 8 of the Covenant, and so to appeal in another



way to the idealistic mind of the Anglo-Saxon people. Unfortunately this appeal did not succeed very well, at least with the British people. The rebuff the League got from England in the matter of the Protocol appeared at first as a serious blow—because it seemed to make disarmament just as impossible as it was before. That was, of course, not what Great Britain wanted. But that is why the British Government, after having rejected the Protocol on account of the sanctions, assumed under the Treaty of Locarno more far-reaching obligations—not, indeed, in the geographical area covered by them, but in their content.

The Treaty of Locarno provided at the same time for a definition of aggressor, very much like the one which is included in the Protocol, and for the application of sanctions which are more precise and efficient than any contemplated by the Covenant. On the other hand, the signatory powers allowed Germany, in entering into the League, to adopt an interpretation of Article 16 which is consistent with its text but is not very consistent with its spirit. The idea of the powers at that time was that the most important thing was to get Germany into the League. After entering, Germany will soon identify itself with the policy of the League and will probably never make use of the letter she got in Locarno interpreting Article 16. Will this expectation be justified by the future? Nobody of course can tell at the present time. The treaty with Russia throws some light on the intentions of Germany.

The present situation is that Europe has a very strong system of sanctions in the relations between the signatories of the Locarno agreement. And it is very likely to happen that those agreements, without applying legally to the other members of the League, will create towards them a strong precedent. The Treaty of Locarno will in a sense become not law but custom for all members of the League. Otherwise it is not impossible that the Protocol, without being in force, would be applied by the Council, at a critical moment, as a basis for their determination of aggressor. Anyhow, it may be said that although the questions of the definition of aggression and of international sanctions have not yet been legally settled, in the last months great steps have been made towards a solution.

Will this system ever be put into force? Nobody knows, of



course. But I would like to emphasize in this connection what Mr. David Hunter Miller said in a recent pamphlet:

Sanctions are usually talked about in connection with their application; but the real purpose of sanctions is not their application at all. Their real purpose is to prevent the possibility of their application by the existence of that threatened possibility. In other words, we say in the Covenant that we will break off relations and so on with the idea, or at least the hope, that our saying so will be sufficient inducement to or sufficient constraint of a would-be violator to prevent the violation. It is true that the mind usually thinks of sanctions in regard to their application, but I suggest that the real way to think of sanctions is in regard to their non-application; the most effective sanction is the one that is never applied at all.<sup>1</sup>

That is quite true. The simple fact that Article 16, the Protocol of Geneva and the Treaty of Locarno are in existence, means for Europe a considerable increase in the feeling of security. That is sufficient to establish a basis for further disarmament. You do not need, as a matter of fact, a great effort of argumentation to convince the European peoples they should reduce their armaments. The financial and budgetary difficulties they all face are quite sufficient arguments. There is in Europe an obvious feeling for disarmament. In fact, all the European countries have already reduced their armaments to some extent. If they have not done so to a greater extent, it is because they do not consider their security as established. But the moment they feel quite safe, you will—even without any previous international agreement—have a lavish expression of public opinion to oblige every government to reduce by a considerable amount its military expenditures. You can fully rely in this matter on the opposition parties in the different parliaments.

There is another aspect of disarmament which I would like to refer to in just a few words, that is, the economic side of the problem. We have been accustomed, up to now, to consider armies as synonymous with armaments. It is no longer true. The real race of armaments is now economic. It does not matter very much whether you have 100,000 or 200,000 men, if you have the means of equipping one million and providing them with ammunition. And it does not matter whether you

<sup>1</sup> David Hunter Miller, *Problems of Disarmament* (Foreign Policy Association, 18 W. 41st St., N. Y., May, 1926), pp. 26-27.

have 200,000 or 100,000 if you are dependent on your enemies for your food supply. That is why now all the states lay stress not on the possession of a big army, but on the possession of great industrial resources. Protectionism is, at the present time, the new and true aspect of the race of armaments. And I regard the Economic Conference which is to be held at Geneva next year as the first and most important disarmament conference.

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## LAND FORCES

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**I** THINK I should state before discussing this subject that the views I express are my own and in no way so far as I know reflect the views of the War Department. My availability to discuss the matter at all is due to the fact that my present military status is wholly inactive. I am a busy lawyer and not at all warlike.

The first comment which suggests itself to me to make in relation to the problem of bringing about a reduction of land armament is that armament is not in itself the real menace to the maintenance of world peace. Many good people have been misled by the relation of armament to war and have even gone so far as to say "scrap the armaments and you automatically end war, for how then could nations fight?" The truth is that armament consists of inanimate things, quite harmless in themselves until made to function by man. The man behind the gun is the true source of the war evil. He with his passions, prejudices and ambitions is the problem. Pacify man, and his armaments will fall into disuse. Reduce his armament either by agreement or force, and fail to pacify him, and he will break loose and fight when he wills to fight. If a people get the war-lust and are organized and determined fighters under good leadership, and there is nothing to restrain them but lack of armament, they will either improvise their armament or take it away from some less martial people who may possess it.

Armament reduction is a side issue of the main problem of securing and maintaining an orderly world. To make of armament reduction a major objective is to put the cart before the horse. The people of the world do not bear the heavy burdens of taxation for armament maintenance because they enjoy their ownership of armament. They pay the bills because of their fear of the consequences of unpreparedness—

their fear of the ambitions and policies of other peoples who are as yet unrestrained by any agency other than force greater than their own.

I know, of course, that at times great armaments and the maintenance of great masses of troops prepared to use them have constituted in themselves a threat against peace which a lesser measure of preparedness might not have carried. But I believe these occasions to be rare and misleading. The real evil is the state of world relations which frightens people into armament maintenance.

But it may be asked, "Is it not a desirable thing, while attempting to solve the underlying problems, to bring about a reduction of armaments upon some equitable basis?" Let us assume the answer to be yes, and consider some of the difficulties.

It would not be equitable or practicable, for example, to reduce existing land forces on a basis of a common percentage of reduction, although that might seem, offhand, to be a reasonable proposal. Land forces must be considered in relation to naval forces. Governments which depend mainly upon naval preparedness for defense might welcome reduction of land forces particularly when such reduction would reduce the power of a potential enemy without seriously impairing their own power. But that would not be the attitude of a power weak in naval forces but strong in land forces.

Then again a government with colonies to maintain must ordinarily consider the peace-time garrisons of such colonies, unavailable for home service or expeditionary purposes in the event of war. Thus one government with an army of 400,000 men capable of immediate concentration may in effect be maintaining a greater armament threat against potential enemies than a government with an army of 600,000 men with its components scattered in colonial service.

But success in war is no longer to be forecast in terms of men and armament alone, or of organization and leadership. War to-day involves the employment of the population. Relative efficiency in the production of war munitions may determine ultimate success. The United States with its 100,000,000 of population, its unlimited natural resources and its unrivaled industrial capacity for armament and munitions production,

and with its skeleton army, is infinitely more formidable as a war antagonist than some other countries which maintain large standing armies.

And so these complexities which affect a just determination of the problem of mutual reduction of armament might be added to by considerations of topography, climate, past performances, present policies and treaty alliances. Then one must measure the effect, upon a proposal for armament reduction, of the advent of a Mussolini. Is he really to attempt the role of a modern Caesar and pacify Europe according to the old Roman method of conquest? Or are his intimidations and threats merely for home consumption, and for the sole purpose of giving his people a thrill and of solidifying public opinion back of him? I do not believe that people will agree upon the answer, but such incidents exercise a decided but unmeasured influence upon the question we are considering.

I therefore doubt whether any formula can be developed at this time to govern the reduction of armament among the governments of the world. As the League and World Court demonstrate their dependability to substitute reason and law for war, and confidence in their permanency and effectiveness increases, armaments will correspondingly decrease. The taxpayers of all countries will demand to know of what use is their maintenance. Financial anemia will settle the armament question quite automatically if the circumstances justify it.

If, however, an attempt is to be made by the more powerful governments to seek some basis of reduction in land forces, let each government mission write out the reduction in land forces each of the other governments should make to equalize a twenty-five per cent reduction in the land forces of its own government. These estimates might then be made the basis for discussion, and possible limitation by joint agreement result.

## LIMITATION OF ARMAMENT FROM A NAVAL VIEWPOINT

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### *I. Introduction*

That advanced nations desire steps taken to

- (1) Prevent war and, failing this, to
- (2) Limit war,

is now generally accepted. A corollary is: if we are to reach workable solutions preventing or limiting war the agreements made must:

- (a) Be practicable and definite,
- (b) Be as broad as the practical and definite factors permit,
- (c) Be just to all viewpoints,
- (d) Be enforceable.

All agreements which nations seek to make, either to (1) Prevent War or to (2) Limit War, must pass the test of factors (a), (b), (c) and (d).

Nations sincerely desirous of achieving one or both of the two goals will subscribe to the qualifying test unless actuated by

- (v) Necessity,
- (x) Fear, or
- (y) Ignorance.

A nation not willing to subscribe to the qualification test and not actuated by the factors, (v) Necessity, (x) Fear and (y) Ignorance, must be influenced by (z) Ulterior motive. The above outline of principles forms the basis for future work.

### *II. General Discussion of the Two Aims: (1) Prevent War, (2) Limit War*

To discuss intelligently the aim (1) Prevent War, it is necessary to know something of the origin of wars.



From the point of view of objective, history teaches us that the world has engaged in two classes of wars:

- (3) Aggressive and unrighteous war,
- (4) Defensive and righteous war.

Those willing to analyze their problems make a distinction between classes (3) and (4). Those who believe all war is wrong, lump the two. Enlightened humanity will agree that (3) is debatable ground. Humanity forced by *Necessity* will refuse to discuss that part of aim (1) Prevent War, embodied in class (4) Defensive war.

Previous to the application of methods we must further differentiate between the two main aims, (1) Prevent War and (2) Limit War. This requires a preliminary study of

- (5) All preceding efforts made by any agencies toward the solution of the problems involved in (1) Prevent War, (2) Limit War.

Unless this is done, confusion of ideas will result; the two aims will be mixed; nations working toward the same ends will not understand each other.

As a nation, guided by dominating influences, lays conscious or unconscious stress on (1) Prevent War or (2) Limit War, so the methods which it advocates to attain the aim, will differ.

Speaking broadly from the point of view of fact, and stressing only the salient features, the World War developed two classes of peoples:

- (6) Those who suffered greatly and gained nothing materially;
- (7) Those who suffered less and gained much materially.

Analyzing this and applying it to definite cases we may express (6) and (7) in terms of national viewpoint as follows:

- (8) No. (6) becomes the late belligerent viewpoint, as represented by Europe.
- (9) No. (7) becomes the late neutral point of view, as represented chiefly by America.

Looking *backward* toward the *past*, Group (8) must lay greatest stress upon the aim (1) Prevent War, while Group



(9) unconsciously stresses aim (2) Limit War, though with all sincerity it believes it stresses aim (1) Prevent War.

Looking *forward* to the *future*, we may anticipate Groups (8) and (9) interchanging viewpoints, or even a change of viewpoint within Group (8), depending upon the probability of war, its nature and its location.

As to the possibility of war, it is a reasonable assumption to make that with foresight and diplomacy America should not be one of the original belligerents.

The sum of all influences has the following effect:

- (10) Probably to induce Continental Europe to stress  
(1) Prevent War.
- (11) Probably to induce America to stress (2) Limit War.
- (12) Probably to incline England to take a position somewhere between these two points of view.

All are honestly desirous of achieving both aims, but each group unconsciously or consciously favors one more than it does the other. This has led to:

- (13) A tendency to misunderstand the purpose of each group by the other group.
- (14) A divergence in the methods adopted to achieve the aims.

### III. *Difference in the Application of Certain Terms*

The total of all influences, furthermore, has caused America and Europe to hold different viewpoints in regard to certain terms. These terms are closely related to the aim (1) Prevent War. They are less directly related to the aim (2) Limit War, and are not more important in relation to (2) Limit War than other terms not included here. The terms to be considered now are:

- (e) Security,
- (f) Aggression,
- (g) Sanctions,
- (h) Disarmament.

Of these four factors, the last, (h) Disarmament, is the one which appeals most to America because of (i) Attitude of

Mind. This Attitude of Mind is one of the consequents of the opposite but effective influence of (e) Security and (f) Aggression upon this country. The factor (i) Attitude of Mind is divisible into (i<sub>1</sub>) Aggressive National Attitude of Mind and (i<sub>2</sub>) Non-aggressive National Attitude of Mind. The factor (h) is likewise divisible into two parts, viz.:

- (h<sub>1</sub>) The Continental point of view of (h) Disarmament, which means now "Limitation of Armament".
- (h<sub>2</sub>) The American point of view of (h) Disarmament, which means ultimately "Total Disarmament".

The loose use of the term Disarmament has caused a degree of confusion.

In a consideration of the factor (e) Security, the foremost influence is (e<sub>1</sub>) Geography. The influence of (e<sub>1</sub>) Geography upon America is a major influence. The influence of (e<sub>1</sub>) Geography upon Europe is in the inverse direction.

The total result of all influences is:

First. The exclusion now of factor (e) Security from the consideration of America and its inclusion on the Continent.

Second. The emphasizing of the vital connection between factor (e) Security and factor (f) Aggression on the Continent, and its negligibility to America except in its relation to (h<sub>1</sub>) Limitation of Armament, through the factors (i<sub>51</sub>) Undue preeminence in one of the three fighting arms, (i<sub>52</sub>) Competitive Armaments in peace, and the unrelated factor (n) Cost.

Third. The necessity to secure effective (g) Sanctions for Europe to prevent war because of the close relationship of (e) Security, (f) Aggression, and (g) Sanctions.

Fourth. The strengthening of American purpose to adhere to present national policy and to disregard all sanctions, except legal sanctions applicable to situations before war and after war is declared. \*

In any attempt at reconciliation of the two viewpoints is there a common meeting ground at present for:

1st. (e) Security? None through agreements for mutual support. None through change of national policy.

Yes through arbitration agreements. Yes through international legal processes.

2nd. (f) Aggression? None through armed assistance. None through change of national policy. Yes possibly through agreement upon what constitutes aggression, defined in treaties and incorporated into the body of International Law.

3rd. (g) Sanctions? None for military sanctions. None for political sanctions. Yes for legal and moral sanctions. Possibly for economic sanctions embodied in treaties, and incorporated into International Law, effective after the declaration of war.

The Naval viewpoint inclines to the treatment of the three essential factors, (e) Security, (f) Aggression, (g) Sanctions, as matters separate and apart from (h) Disarmament.

It is now in order to discuss briefly the factor (h<sub>2</sub>) Total Disarmament.

#### IV. (h<sub>2</sub>) *Total Disarmament*

Loose-thinking people frequently confuse aim with method. With this class the aim, peace, is confused with the method, disarmament. Overzealous ones advocate extremes. The extreme militarist or radical advocates methods opposed to the advance of democratic government. The peace-at-any-price adherent is not willing to fight even for a righteous cause. One wing of the extremists is not liberal enough; the other chases rainbows.

Neither extreme view will prevent war now.

Practical people and honest thinkers, whose aims for the future are influenced by the history of the past, realize that—

(3) Aggressive and unrighteous war should be eliminated if possible, and that

(4) Defensive and righteous war will probably continue.

There is no practical possibility of eliminating Class (4) Defensive War from world affairs. It is Class (3) Aggressive War that practical men are trying to eliminate. It is to this class of men that (h<sub>1</sub>) Limitation of Armament makes its appeal.

We have now arrived at the point to analyze the factor ( $h_1$ ) Limitation of Armament.

V. ( $h_1$ ) *Limitation of Armament*

All armaments can be divided into two main categories dependent upon objective, viz.:

- (15) Aggressive armaments,
- (16) Defensive armaments.

Aggressive armaments have certain features which characterize them, viz.—

- ( $i_1$ ) Aggressive attitude of national mind.
- (15<sub>1</sub>) Undue preeminence in one or more of the three fighting arms—the military forces, the sea forces, the air forces.
- (15<sub>2</sub>) The strategical or tactical disposition of the three fighting arms.
- (15<sub>3</sub>) Competitive armaments in peace.
- (15<sub>4</sub>) The improper combination in peace of Armaments with factor (j) National Resource.

Armaments not coming within the sway of terms ( $i_1$ ), (15<sub>1</sub>), (15<sub>2</sub>), (15<sub>3</sub>), (15<sub>4</sub>) may be classed under head (16) Defensive Armaments, which may be considered legitimate armaments.

The following divisions of (15) Aggressive Armaments have little logical affinity with ( $h_1$ ) Limitation of Armament. A separate method of treatment seems applicable in their cases, viz.:

- ( $i_1$ ) Aggressive attitude of national mind which requires the establishment and maintenance of *Mutual Confidence*.
- (15<sub>2</sub>) Strategical or tactical disposition of the three fighting arms which can best be handled through treaties and agreements.
- (15<sub>4</sub>) The improper combination in peace of Armaments with factor (j) National Resource, which can be handled through Treaties and Agreements.

The three factors ( $i_1$ ), (15<sub>2</sub>), (15<sub>4</sub>) have greater affinity with factors (e) Security, (f) Aggression, (g) Sanctions than

they have with factor (h) Disarmament, and could better be treated with them than with (h).

Armaments exist during two periods, viz.:

(P) In peace time.

(W) In war time.

In (P) Peace Time the improper combination of (j) National Resources with either (15) Aggressive Armaments or (16) Defensive Armaments places the total combination in the category (15<sub>4</sub>), to be treated as indicated above, but not as a part of (h<sub>1</sub>) Limitation of Armament.

In (P) Peace Time, the legitimate proportion of (j) National Resource assigned to Armaments is a logical sequent of the quantities of fighting forces allowed under (h<sub>1</sub>) Limitation of Armaments, and can be definitely determined in terms of the three m's, men—material—money, in proportion to the ratios established for the fighting forces.

In (W) War Time, the amount of (j) National Resource, which will be combined with Armaments, can no more be limited than it is possible to limit the size of Armaments. It is beyond human power to attempt to limit these quantities. This conception is based on the law of self-preservation. It is within the range of possibility to attempt to limit the ways in which these forces shall be used, as this is based on the factors civilization and chivalry influencing the law of self-preservation.

The discussion of the ways referred to immediately above comes under head (2) Limit War and is not logically a part of (h<sub>1</sub>) Limitation of Armament.

The only legal, recognized definition of what constitutes Armaments is derived indirectly from International Law. If we recognize the sanctity of that corporate body of tradition—treaties—agreements—accepted practices, the term Armament passes from the vague undefined conception to the concrete fact. "War is a contention of states through their armed forces" (Oppenheim, p. 59).

Depending upon the natural element in which armed forces are used, Armament is subdivided into three kinds:

- (k) The land armed forces,
- (l) The sea armed forces,
- (m) The air armed forces.

A clear-cut, clearly defined line of demarcation between these factors and all other factors will immediately help us to—

(17) Prescribe limits directly to the factors (k) the land armed forces, (l) the sea armed forces, (m) the air armed forces, by the quantitative method, which in turn automatically reacts upon factor (j) National Resource, and apportions the amount of (j) which properly in peace may be combined with factors (k), (l), (m). This solution by the quantitative method takes care of the factors (15<sub>1</sub>) Undue preeminence in one or more of the three fighting arms, (15<sub>2</sub>) Competitive armaments in peace, (15<sub>4</sub>) the improper combination in peace of Armaments with factor (j) National Resource, and the factor (n) Cost.

(18) Clarify the atmosphere for the prescription of the Ways necessary to (2) Limit War.

The treatment of factor (17) in relation to (h<sub>1</sub>) Limitation of Armament, in so far as pertains to (l) the sea armed forces, will follow.

The treatment of factor (18) the prescription of ways in relation to (2) Limit War will be treated under a separate head (2) Limit War.

#### VI. *The Limitation of (l) The Sea Armed Forces*

The only legal sanction now existing for applying (h<sub>1</sub>) Limitation of Armament to (l) Sea armed forces exists in what is known as the 5-5-3 Treaty. It is based on the American proposal which limited sea armaments by the quantitative method, in terms of ratios applicable to all types. The American proposal was accepted in principle by the delegates attending the Washington Conference. This acceptance in principle necessitated the acceptance of the quantitative method of solution. It was drawn up and laid before the delegates in the manner that it was, because it fulfilled the conditions demanded by factors (a) Be practicable and definite, (b) Be as



broad as the practical and definite factor permits, (c) Be just to all viewpoints, (d) Be enforceable, and the unrelated factor (n) Cost. Had the American proposal been adopted in entirety in treaty form, the factor (17), in so far as it relates to factor (1) the armed sea forces of factor (h<sub>1</sub>) Limitation of Armament, would have been cared for.

It is a method possibly appropriate to factors (k) the armed land forces, and to (m) the air armed forces, in connection with (h<sub>1</sub>) Limitation of Armament, if the effort will be made to divorce (k) the armed land forces, (l) the sea armed forces, and (m) the air armed forces from the factors which obscure the direct issue.

The American proposal stands today in principle as the one proposal having sanction. It is the expressed American policy. Naval thought believes that it should be carried to completion before anything new is attempted. Its method is the practice of starting with the simple things first, and working up to the more difficult later as the situation clears and is better comprehended.



## AIR FORCES

EDWARD P. WARNER

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**T**HE practical problems of aerial limitation of armament and the difficulties which stand in the way of making such limitation wholly effective may be discussed under two heads.

There is first a group of technical factors which are occasioning a great deal of difficulty at the present time and are likely to continue to do so; and there is, secondly, and interlocking with those, a psychological problem, an intensification of the technical factors growing out of the state of mind in certain of the countries which would necessarily be most intimately concerned in any movement for the limitation of armaments in the air.

Now the technical problem is first of all one of definition. That has become an axiom of the situation. It is recognized in every discussion, and in the agenda prepared for the meetings of the Preparatory Commission on Limitation of Armament at Geneva the sixth of the seven questions submitted relates to the problem of distinguishing between civil and military aircraft and the determination of the military value of civil aircraft and commercial fleets. I think we are all agreed in our sincere desire that some road to effective limitation can and should be found in the air as elsewhere. We are all agreed that if there is an effective limitation on which all nations can look with confidence, it will be a step toward the limitation of war itself, toward the reduction of the liability of war; but the technical difficulties which stand in the way are so grave that we cannot overlook them. It is necessary that they should be fully considered, that they should be analyzed in advance before any program is prepared, before any formula of reduction can be secured. No simple scheme of ratios will suffice for aircraft. There are other factors that enter in which have no direct counterpart in naval warfare, factors differing also from those which appear in the limita-

tion of armaments on land. The first is this matter of the definition of a commercial airplane, or perhaps I should say, definition of a military airplane, although one grows out of the other.

The commercial and the military airplane are in general quite different. Machines built for the service of commerce are distinct in form and distinct in their performance characteristics from those intended primarily for service in war, but the difficulty is that, while the best commercial airplane and the best military airplane are two very different things, it is almost impossible to draw a sharp line of demarcation and to be sure that aerial armaments are not being surreptitiously built up under cover of commercial activity. That is, it is possible for a commercial fleet built up under a heavy subsidy, to be made subject to specifications which will permit—in fact, require—that so-called commercial airplanes shall be effective for military use in case of need.

There have been some subsidy laws in European states subsidizing commercial air traffic which have had much that effect. In fact, in certain instances there has been a direct and explicit requirement that the commercial airplanes receiving the subsidy shall be adaptable for ready conversion for military use in time of war. In others, where that requirement has not been so explicitly stated, the effect has none the less been present.

There can be no such clear demarcation between military and commercial aircraft as there is for ships. In the first place, design is less specialized. It is about twenty-three centuries since the battle of Salamis, during which time naval warfare has been getting farther and farther away from commercial navigation. It is just twenty-three years since the first airplane flew, and there has not been time for an extensive dissociation of the aircraft of peace and of war, although that dissociation is beginning to be marked and is going to be more marked.

But there is another factor of difference. Whereas the merchant ship is not only ineffective in combat against a battleship, but is ineffective also for attack even on an unarmed coast, as it does not carry enough armament itself to be of much use except as a transport of troops; the airplane launches against

an armed or unarmed coast or city projectiles which are propelled by gravity, which have no reaction on the craft itself except for the sudden detachment of a portion of the load, and it is therefore perfectly possible for commercial airplanes to be used in bombardment unless they are opposed by efficient military machines. I think there is no conceivable way of preventing that, of drawing a line between the large commercial airplane and the bomber, except that the large commercial airplane used as a bomber will be so ineffective in defending itself against the enemy's military machines that it cannot well be used for attacking cities that are defended in the air in any effective manner.

Third, another technical difficulty is that the construction of aircraft is exceedingly rapid. In general, a naval war is fought by vessels which had been planned or were actually in existence as complete units at the beginning of that war. At the beginning of the war in Europe there was no European nation which had more than a few hundred airplanes. At the end of the war a single one of the belligerent European countries built over twenty thousand airplanes in the last year, and I presume that that figure was approximated by at least two others of the belligerents. That just about made up for current wastage. Machines were being designed and were on the fighting front within a few weeks, or at most a few months, from the time the design was started, so that the question of a limitation of aerial armament inevitably spills over into the fourth subject of this morning's discussion, that with which Dr. Slosson is to deal, the industrial resources of the country.<sup>1</sup>

Then, too, it is much more difficult for aircraft than for ships to draw a clear line between effective and ineffective units. We hear a lot about reserves. We have a fairly clear idea of what that means on land and some sort of an idea of what it means when we speak of the reserve of a fleet, but in speaking of aircraft it means several different things. There are some nations which, in listing their air forces, include as reserve airplanes which are ready for flight, which are being kept with tactical squadrons, which are just extras in order to take the place of any that may be damaged, machines of modern design and of recent construction. There are others

<sup>1</sup> Cf. Dr. Slosson's paper, *infra*, p. 73.

in which that same term relates to airplanes that are hardly more than junk, that have been put in storage, wartime airplanes that have hardly been looked at for seven years. It is very difficult to get any figures on aerial armaments in comparable terms for the different nations. Whereas the number of units in a fleet is small enough so that they can be rated separately and ship can be compared with ship, the number of units in an air force runs into the hundreds or thousands even in time of peace, runs to well over a thousand in at least four countries at the present time, and yet the units really require individual ratings. It is very difficult to classify.

I do not want to intimate that there is no possible solution, but the difficulties, as I have said, are real and cannot be overlooked. The possible solutions seem to me to be three in number, broadly classified. There are a good many conceivable subdivisions, but I can think of three general schemes that might be applied.

In the first place, there is the possibility of a limitation on performance of airplanes. That is, of defining the military airplane and distinguishing it from the civil machine in terms of speed and rate of climb and other elements of performance. Now that by itself might be accepted as a basis of limitation, but we would run into very grave danger if we supposed that it was going to be complete, because left by itself it seems to constitute a positive invitation to fraud. Even if there is no fraud, it is almost inevitable that there will be suspicion of it as between several countries where there may be feeling on any score at any moment, unless there is a surveillance and control far more thorough and complete than anything that anyone has so far envisaged with respect to land or naval armaments, whether under the auspices of the League of Nations or some other international organization or by military attachés.

It is very easy to build an airplane which is for commercial use or for sporting purposes, and unless you read the designer's mind or follow the airplane through every stage of manufacture you will have no means of knowing that the plan was made so that the airplane could be converted into a military machine of very great potential effectiveness in combat in about an hour by changing the engine to one of two or three

times as high power. That can very readily be done. There are airplanes now in which one engine type can be changed in a few minutes to another of different power and giving a different performance.

So the problem of limitation runs inevitably into that of surveillance, and that, of course, is one of the sources of difficulty which has constantly arisen as between Germany and the Allies. It is rather instructive to consider what has happened in the attempt to enforce aerial disarmament—it is really disarmament there because the Treaty of Versailles provides that Germany shall have no military air force. The Allies laid down, to be effective in the spring of 1922, a group of rules, nine in number, which were to govern German commercial aircraft. I think no one denies that the aircraft built under those rules in good faith would be purely commercial, but there has been suspicion in France, and to a lesser extent in other countries, during the past few years that Germany's great commercial aerial activity is a disguised military air force. Whether or not the suspicion has any substantial basis in fact, it is impossible for any outside observer to say. Personally, I discount this suspicion quite heavily, but the important thing is that it exists. Here we run into the psychological factor. Since it is difficult for any nation to be sure of the strength of the air forces of another, since it is so difficult to prepare comparable figures or to be perfectly certain of the point where the line between some other nation's military and commercial air power is drawn, it is going to be very difficult to persuade certain European nations to decrease the strength of their air forces below present figures or even to consent to a stabilization at present figures or in any fixed relation to them.

The second possible means of limitation—I will run over the last two very briefly because I think that both of them run up against serious psychological difficulties, although technically they might be very effective—is the limit on the number of pilots that can be trained. Again we are confronted with the question of surveillance. Again we can see what has happened as we survey the correspondence between France and Germany on aerial matters in the last few years and the reports in the French press on the training of pilots in Germany



professedly for sport, but really, or so it is very commonly believed in France, for military purposes.

Third, there is a possibility of limitation of military activity under commercial disguise by a limitation of the subsidy that is given to commercial lines. That is, if all nations would agree to limit the amount of direct governmental assistance given to commercial lines, it would be impossible to build up military activity under that guise, because a military airplane running commercially is very inefficient and could not live without some support from some other source than the traffic. But unfortunately it would also be impossible for France to maintain lines to North Africa which at the present time, and for some time to come, cannot possibly pay for themselves, whatever type of airplane is used. And it would be very difficult, if not impossible, for the British to establish and maintain lines to the eastern Dominions and to South Africa under any form of subsidy limitation which would guard against the use of military machines on commercial lines in Europe.

Those are the major possibilities. Now as to the psychological factor once more. Among European nations sea power has a meaning for Great Britain that it has not in the same degree for any other country. Great Britain, of course, has had as a fundamental element of its policy for many years that there should be no other sea power superior to the British. It has been an inevitable element in the policy of every government. Now what sea power has been to Great Britain, air power is to very nearly every state in Europe, because there is not a single European capital except that of Russia which is not within reach from the territory of some potential enemy with an airplane which could make the flight carrying at least a moderate load of bombs and return without landing. As for London and Paris particularly, the flight from the territory of several possible enemy states, now or at some time in the future, is a very easy one. It is then very natural that France, quite aside from the fear of an upbuilding of German power, should be loath to reduce her air force below its present figures. It is very natural also that other European states should be unwilling to accept or to bind themselves permanently to a position of inferiority in the air.

I think that in the air, more even than on the land, and cer-

tainly more than on the sea, the questions of security and disarmament are inevitably intermingled. We can hope for a limitation of aerial armaments. There are several possible technical routes to such limitation when a sense of security has been established and when among the states involved in such an agreement there is a general confidence in the good faith of their neighbors. Failing that, I can see no possible arrangement that will not lead to more bad feeling; I can see no possible arrangement that will be fraud-proof to a degree where there will not be constant suspicion that fraud exists.

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## CHEMICAL AND INDUSTRIAL MOBILIZATION

EDWIN E. SLOSSON

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**W**ARS are no longer fights between armies. They are contests between peoples. Nowadays the battle is not to the strong, but rather to the ingenious. It is quite likely that in the next war—if there is a next war—the decisive factor will be neither cavalry, infantry nor artillery, and it is quite possible that it will be something not yet taught in military academies or discussed in peace societies. It may be something as unexpected as were horses to the Aztecs or muskets to the Indians. Against such unknowables neither military preparedness nor peace treaty can protect in advance. The most effective form of preparedness is scientific research and industrial development in general. And peace treaties are not likely to be effective so long as a war spirit prevails.

The disconcerting feature of the new weapons of warfare is that they are concealed weapons. In January, 1914, the Germans knew just how many dreadnoughts the British had, and the British knew just where the Germans had laid their railroads for the invasion of Belgium. But the Germans could not guess that the British would be rushing tanks through their lines, and the British could not divine that the Germans would be showering them with dichlorethyl sulfide. Nitroglycerin can be made in a kitchen from three common chemicals, and phosgene is no harder to make than hooch. Infernal machines can be secretly constructed by men who have no more sense than to be anarchists, and any skilful mechanic could rig up an automatic airplane capable of dropping fire, poisons and explosives on an enemy area. No international police could frisk a nation for concealed weapons of this sort. So limitation of armaments means merely that there shall be no more parades. The saber drill of cavalry and the goose-step of infantry cannot be carried out on a large scale in secret, but it is doubtful if future battles will be won by saber or goose-step.

To conscript and train an army fit for the front takes less time than to arm and clothe them. When the United States engaged in the World War, the men were ready long before the machines.

The same qualities that make a nation successful in industry and commerce will give it the advantage in war. In estimating belligerent assets, the horse-power of a country counts for more than the man-power. The most effective fighting force of a nation may be composed of men deficient in courage and defective in physique. Resourcefulness is even more important than resources. The issues of a conflict may depend more upon engineer and inventor than upon strategist or soldier.

Modern warfare, like modern manufacture, might therefore serve as a sort of intelligence test between peoples were it not for the fact that nations, like students, cheat in examinations. They loan their minds out as they loan out their money. The redskins of America, who belonged culturally to the Stone Age, were often armed with better rifles than our soldiers, and the Riffians use artillery and airplanes that they could never invent.

Nowadays fighting is carried on with chemical formulas, and the nation that invents the best one beats. That Germany was able to hold out so long against encircling armies was due less to Hindenburg than to Haber, who discovered how to extract nitrogen for explosives from the air that blew over the blockade. The minuter the missiles the mightier they are. The first projectile was a hand-thrown stone, but an arrow goes faster and farther than a stone. A rifle bullet travels at the rate of 500 yards a second and goes three miles. A molecule from an exploding shell travels at the rate of 5,000 yards a second and never stops at all. And lastly, inventors are dreaming of a death ray that weighs nothing and travels at the rate of 186,000 miles a second. In this they would reach the limit alike of velocity and levity.

War has been virtually a branch of applied chemistry ever since the invention of gunpowder, or even since the forging of the first steel sword from the ore. The question now pending is, therefore, not the elimination of chemical warfare but its limitation to the older and less effective forms.

The Washington Conference on Limitation of Armament

ruled out the toxic forms of chemical warfare, but not the explosive forms. Even the comparatively mild lachrymatory and sternutatory gases cannot be employed against a foreign foe. But our police use them against our own citizens when riotous, and our bank cashiers find them handy against burglars. We may use chemicals to draw blood from our enemies but not to draw tears. Our military authorities are determined that the American army shall never be sneezed at.

The American constitution in prohibiting "cruel and unusual punishments" used adjectives that are practically synonymous in the common mind. Any unusual method of punishment or weapon of warfare strikes us as unusually cruel, even though it may turn out to be less so than those to which we have become inured. Our instinctive reaction against any novel means of killing or wounding our fellowmen is merely our natural repugnance against the act itself, which strikes us afresh whenever an unfamiliar agency comes to our attention.

The aversion to "villainous saltpeter," the stink-pot of the Malay pirates, and the Greek fire which saved Constantinople from the Mohammedans, is at bottom the same as the abhorrence excited by submarines, airplane bombing and poison gas in the late war. It is essentially a reaction against war itself. The modern weapons of warfare are more efficient but not more deadly or more cruel than the old. Cain killed Abel as dead as any man has been killed since, and no more ingenious means of inflicting suffering have been invented than those employed by Nebuchadnezzar in his campaigns. Further advance of the art of war in this direction is forever impossible.

At the First Hague Conference the representatives of the United States alone opposed the clause ruling out "the use of projectiles the sole object of which is the diffusion of asphyxiating or deleterious gases," for Captain Mahan argued that "until we know the effects of such asphyxiating shells, there was no saying whether they would be more or less merciful than missiles now permitted, and that it was illogical, and not demonstrably humane, to be tender about asphyxiating men with gas when all were prepared to admit that it was allowable to blow the bottom out of an ironclad at midnight, throwing four or five hundred into the sea, to be choked by water."

Captain Mahan's argument proved to be well founded. On April 22, 1915, the Germans turned loose chlorine on the British trenches, not indeed from the prohibited "projectiles," but from cylinders of the compressed gas, which was worse, and before the war was over both parties were using the most "deleterious" compounds that the chemist could concoct. These proved to be most effective weapons in knocking out soldiers and making positions untenable, yet the percentage of those who suffered fatal or permanent injury from gas attacks was considerably less than those who were killed or incapacitated by explosives.

During the war we were often told that the Germans were likely to win because they relied upon chemical warfare. On the contrary, as we now know, the Germans lost the war because they did not rely upon chemical warfare. On three distinct occasions at least they might have struck a decisive blow if they had made use of the advantage they gained by employing novel methods of attack which the Allies were totally unable to meet. In their first gas attack at Ypres the Germans drove back the French and Canadians nearly four miles with a cloud of chlorine. This opened a gap through which the Germans might have poured their troops, thus parting the British from the French, and giving them the foothold on the Channel coast which they struggled in vain to get for the three years following. But fortunately the Germans were as unprepared for their success as the Allies were for the gas.

By the time the Germans were ready to repeat the gas attack the Allies had been provided with masks which protected them in a measure against all known asphyxiating and poisonous gases. But against the so-called mustard gas, which the Germans tried out timidly in July, 1917, the gas masks were of little avail, for this is a liquid, whose vapor penetrates the clothing and blisters the skin. If the Germans had reserved this unknown weapon until March 21, 1918, when they began their final drive and had then drenched the Allied lines with mustard gas two nights before, they might have cleared out all opponents on a front of twenty miles.

The Germans later produced a third weapon against which there was no known defense, the dreaded Blue Cross shell, containing diphenylchlorarsine, which sets up violent sneezing

and coughing. The masks our troops had when they went over there could not keep this out, but fortunately again the Germans did not know how to make the most effective use of it.

On the other hand, the British missed a chance of winning the war a year sooner through lack of confidence in their novel weapon, the armored automobiles disguised under the name of "tanks." They sent a couple of them into the field in September, 1916, just to see how they would work. They worked so well that it is probable that a hundred tanks, driven unexpectedly at the German lines, would have broken through.

The methods of warfare changed so rapidly during the conflict that if the United States had been completely prepared in 1914 its equipment would have been out of date when the United States entered in 1917. A large number of the thirty-five thousand articles necessary to equip a modern army were of types unknown when the Great War began. For war had for the first time in history entered the third dimension with airplanes above the surface of the ground, and submarines below the surface of the water. What was accomplished in this emergency by unstinted expenditure of our unprecedented wealth and energetic employment of our unparalleled industrial efficiency may best be stated in the words of the Secretary of War in his address at St. Louis on November 24, 1925:

In the World War, without an industrial plan, without any preparation on that head, we put 4,000,000 soldiers in the field and equipped them fairly well in seventeen months. This equipment was not complete, however. We used allied airplanes and allied artillery most extensively on the fighting front, and to a great extent we used allied machine guns and automatic rifles. We spent fifteen billion dollars for what we did provide in the way of equipment, and without going into the question of whether we paid too much for what we got, it is possible to say that if we had it to do over again we could equip 4,000,000 men more satisfactorily and more completely in a shorter time and for a few billion dollars less. That is because we now have this industrial mobilization plan, and in 1917 we had none.

Now we are given to understand that the War Department knows where to go to get each item of the 700,000 components of the military equipment needed, and arrangements are being made with 20,000 manufacturing plants of the country to supply them according to specifications. Against preparedness of such a sort even a pacifist cannot object. It is obviously

the chief precautionary measure in countries like the United States, which, because of their location and extent, are incapable of being conquered at a blow, even if taken by surprise.

The following announcement of the War Department should also meet with the general approval, although the policy proposed is unprecedented:

The principle that the men at home shall not profit from war, while their fellows are staking their lives and their health for their country, is fundamental as a proposition of common justice. . . . It may be regarded as a fixed national policy for the future.

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## POLITICAL AND TECHNICAL ASPECTS OF DISARMAMENT<sup>1</sup>

JAMES T. SHOTWELL

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OUR time is more than gone. If we are to keep to the time schedule, we must soon adjourn. I personally would rather do without my lunch and continue, but it is obviously impossible to exhaust a subject which one could not exhaust in a lifetime, nor a nation in a generation, and so perhaps we may draw the matter to a conclusion at the moment in the expectation that the conference itself in its informal meetings around the corridors will continue in a very vital way what has been begun here.

May I just point out one or two things that come to my mind. In the first place, the drift of this conference this morning is very striking in view of the vote in Congress, which was, I take it, an indication of the American mind. Never was there a more overwhelming vote, I think, on international affairs than the vote taken to cooperate with the League of Nations in the Preparatory Disarmament Conference. It was taken at a moment of bitter and extreme controversy on international affairs, in the midst of disagreement over our adherence to the Court and, as you know, was practically unanimous. I take it that behind that unanimity lay a belief of the American people that very largely by way of disarmament was the path to peace. I think that at least was the interpretation in Washington of the American attitude. Now if that is the case, if that is the belief of the people, then the trend of the discussion this morning brings very serious considerations, because by and large we have emphasized that it was not directly through a technical disarmament that the real path to disarmament itself lies, but it is by way of the creation of the organization of new functioning agencies and a new state of mind for peace.

The Carnegie Endowment is directing its energies to the study of the peace problem in a quasi-scientific attitude—I say

<sup>1</sup> Stenographic report of address delivered by Dr. Shotwell as Chairman of Round Table No. 1.

"quasi" because I am a part of the enterprise. We are attempting not to take up this or that formula that may be popular at the time or to adhere to this or that movement which may sweep the nation, but we are conscious that a fuller consideration of real issues sometimes takes us athwart the current of popular opinion. The Endowment has no opinion. We have called here a conference for the purpose of exchanging the points of view of those best able to contribute from the technical standpoint with those who may have very much at heart the full fruition of what we believe to be a fundamental American policy. Now, that being the case, there does come from this conference this morning something that cannot be passed by. It has been stated or implied that the full solution of this problem would in a way be equivalent to hampering the free movement of modern science and invention and discovery, since the potential armament of a nation means the full use of the means of invention and discovery in industry or chemistry, industrial and chemical mobilization. This is the fullest and most proper means of national defense.

I take it that, as Mr. Harris has pointed out, it would be wrong for us to address ourselves to any such enterprise in considering the problem of disarmament. You can't stop science. As has been stated or implied in this morning's discussion, the chemist has only to change the formula by the slightest part and his factories for fertilizer become factories for explosives, yet the factories are proper for the maintenance and development of national prosperity. I know some factories in a certain country that are turning out every day of the year a thousand tons of nitrate of ammonia, which in a very, very short time could be transformed into a thousand tons a day of high explosives. Now those are the proper developments of science. It would be utterly ridiculous for modern civilization to attempt to curb that most beneficial development of human intelligence. But there surely is something else.

If you turn to Lord Grey's memoirs, for instance, or look back into the tragic days preceding the World War, taking not only Grey's, but the record from every capital of Europe, you find that alongside the political governments in every state there were the essential organs of defense, the national army with its general staff; and there came a moment when the

deadly time-table of the general staff was to take over the movement of events and supplant the political judgment and action that moved by way of diplomacy. Now those men in Berlin and in Petrograd who were responsible for the safety of their peoples at a given moment turned to the deadly time-table. I don't pass any judgments here, but the existence of that exigency certainly in my judgment brought the war. There was on the one hand a necessity of having the general staff, a necessity of having them and granting them the utmost freedom in their field. But the technical preparation for the defense of the nation, as it organized what one might call the first line of defense, developed so that the war was ultimately brought on to the world simply by a transference of responsibility into the hands of the general staff.

Now that is the kind of thing which people sense as a danger in armaments. It isn't a development of fertilizers or drugs. We are not even conscious of these in the background, and what I suppose is the pressing problem of the day is a problem of the adjustment of what I have called the first line of defense, the organization that is called out in the period "A" referred to in the League of Nations' discussion, that is, the period during which the existing active forces, the striking forces of a nation, could be brought into action.

That means that we concentrate, if we are dealing with any armaments that can be reduced at present, not upon creative chemistry or industrial efficiency, but upon the agencies at the moment's disposal which may be thrown into the battlefield; and if security is, as I take it, a state of mind and not a reality in the deeper sense of the word—for no nation is wholly secure—then that state of mind can be surely induced by a proper handling of the disarmament question that deals with the first line of defense. There, of course, you come to the point where Mr. Warner and I seem to part company. I don't think, though, we really do. Armaments of this kind have been built up by political action, not by military action. Their creation is due to political judgments. Is the political judgment to have nothing to say with reference then to their handling and their possible limitation or reduction? It would seem to me that the method and the degree of the establishment of ratios is a matter for the technician, but the political judgment is to say whether or not we are to proceed toward these ratios.

To achieve results here demands a striking and dramatic act. It can never come from the technician. In the nature of the case it must come from those who represent the will of the people, who are dumbly conscious of the danger that lurks where efficiency of killing is so developed. Only from that angle is there a possibility of action.

Finally, the League of Nations is at present dealing with this complicated problem in the only way in which it should be dealt with. They are studying it. They are studying the proper lines along which we may secure distinctions, distinctions that lead toward action—toward reduction—on the one hand and toward the preservation of a proper degree of national security on the other. That method of careful analysis, taking the problems home, working over them for some months perhaps before they are brought to the final conference for adoption, is a new method in this field. The Hague Conference was called for a reduction of armaments, as you know, not for the creation of a means of justice. It turned into an instrument for finding, if possible, some method as a parallel for war, but because the thing was thrown suddenly at the war offices and foreign offices without any preparation, no one knew what to do. They tried now and again to use the budgetary unit as a unit by which can be negotiated a parallel reduction of armaments here and there, and we know that that is capable of any amount of false interpretation. We know that there are countries where the budgets do not represent the war expenses. We know that even if they did, it wouldn't be a measure of the fighting efficiency.

All of these things were left to be studied in the way in which the League of Nations is dealing with them. And the point that finally I would like to make is that if out of that study itself no immediate measure is decided upon now, as it can't be in the nature of the case, if there is no dramatic act such as that at Washington, let us not mislead the American people to think that the earnest and responsible people to whom this vital question of national defense and international peace has been referred have ceased to concern themselves with it simply because we lack at the opening some dramatic act such as we had in the past. We need the scientific analysis, careful, long-continued. No one generation will solve this entirely, but let our generation make a start.

## DISCUSSION:<sup>1</sup> THE PRACTICAL PROGRAM OF REDUCTION AND LIMITATION OF ARMAMENT

DR. SHOTWELL: As usual, Dr. Hudson is right. The richness of suggestion from these papers and the variety of questions that they suggest to us is so great, so varied, that it does seem impossible now to go back over the field and gather up points that they might perhaps at a more definite moment have suggested to us all.

I will not add to the definite program by any attempt to sum up other than two points. We have here, I think, two definite fields of inquiry; one, a technical one as has been pointed out: the technical problem of disarmament or of armament which in its turn falls into two parts, that of the national necessity of maintaining sufficient defense for the nation's livelihood, for its existence, a question of vital interest; and the international problem of securing a ratio as between armaments of one country and the competitive armaments equally essential in another country. That has been pointed out. Those are some of the technical problems before us, but each of the speakers I take it, finally laid before us the question of turning this matter over into a political problem. The definite measures proposed would not effectively satisfy the technicians in any one field and would have to come as a measure in the field of politics. In that field the correlatives for war, those alternatives for war which the world is considering at the present time, would have to be taken into account. This question becomes primarily one of security, of the establishment of common confidence and the possibility of overcoming even the suspicion of the secret preparation of army or navy. These are rather political issues.

MR. HENRY K. NORTON: Professor Warner suggested in his talk the possibility of limiting subsidies to airplane services. Has any extended study been made along this line as a possibility for general limitation of armament or limitation of general armaments?

<sup>1</sup> Round Table Conference No. 1. For papers read at this session, see pp. 54, 57, 66, 73, 79.



MR. WARNER: That seems to fall in the field of the other speakers. Personally I think that would be rather an unsatisfactory basis for the limitation of other armaments because economic circumstances and the conditions under which armies and navies are recruited differ so widely in various countries. I suggested it for aircraft as the only apparent means of meeting a peculiarly difficult problem which has no exact counterpart on land or sea.

MR. L. L. SUMMERS: It doesn't seem to me that the aeroplane problem differs from any other problem of national defense. Dr. Slosson has called attention to chemical warfare. You might as well attempt to shut down the chemical industries of all nations under the delusion that they might make instruments of destruction. The aeroplane cannot be limited by any national action of sovereignty or any international agreement. It offers too great possibilities in coming commercial developments. In Germany great hardship has been created simply by the insane delusion that everything that the German made might be used for warfare. They have an extremely light metal in Germany which they alone manufacture. They have made engines of such high speed that the pulsations of the engine are beyond the range of human audibility. They do not dare apply that engine to aeroplanes for the reason that it would be considered armament for offensive purposes.

It is evident that the whole question of disarmament will resolve itself into the moral attitude of the peoples. We cannot disarm our police, though the London police carry clubs and not guns, but that is not usual in this country. Each nation differs in its problems. I think it is a very serious question as to whether you can make any effort to disarm a nation. The potential industrial capacity of the nation is the thing you are seeking to destroy and that is the industrial life of the nation. It would be a matter of relatively few months for a nation of this type, with its industrial capacity and its trained technique, to manufacture any arm for war. We are not manufacturing them but we keep standardized tools, known technically as jigs, etc., so that practically every arm can be rapidly manufactured. That lesson was taught by the war for the reason that designs were rapidly changed. It is true that



warfare changed rapidly in Europe and that the material that they started with in 1914 was practically obsolete to a great extent in 1918, and yet there was no arm that went into the British service that did not continue in that service throughout the war. The original gun of a type that was standardized both for them and for us was made in 1907 in Vickers' works and put in their museum to be resurrected in 1915. It was simply an accident that Germany turned both to chemical warfare and to the use of the tremendously high explosives of devastating effect. It is readily possible that the next war could combine the destructive effects of explosives and chemical warfare simply by producing a speed of explosion that would have a direct physiological effect that is equivalent to what Dr. Slosson calls the death ray. It is a vibration that need not be imposed by direct physical contact. Shell-shock is one of the manifestations of what I refer to. No action that can be taken, to my mind, can eliminate these possibilities except the development of the moral sentiments of the nation and the recognition that their own internal order is preserved and their external order and the cooperation of nations must be along the same line.

I do not think it is possible technically to disarm because you will absolutely prevent the growth of industry. The world to-day has become dependent upon the improvements of the industries in question and they are of such nature that they are most easily utilized for disastrous purposes.

GENERAL O'RYAN: I think it was von Moltke who said that nothing succeeds in war except that which is simple. That remark has application to the effort to curtail war. Each speaker has made some reference to the psychology of this whole problem. The thought I have in mind and to which I referred in my paper was the fact that perhaps we are side-tracking the understanding of our people in relation to the fundamental problem, by taking up as a major objective the attempt to limit armaments. I fear that, even if some measure of success follows the attempt, the tendency will be for people to lean on a broken reed. The tendency will be for them to feel justification for their attitude toward the League of Nations.

It reminds me of another axiom in war, that when a military

commander is given a mission he must not be swerved from the accomplishment of that mission by circumstances which intervene and tend to distract his attention; and yet the history of war is replete with many examples where the commander with the objective in mind has been distracted and turned aside and has complicated the entire situation.

We have here before the world, before our people, a simple proposition. Are we serious in the attempt to control war, to suppress war? If not completely, then are we serious at least about wars among civilized people, great wars? If so we must produce a substitute for war, for the truth is that war has been the agency for settling disputes among peoples. Now that substitute by common agreement among intelligent people is a system of justice and law with the machinery to make effective the application of justice and law. If we turn aside from that objective and concern ourselves with the tools that people use when they go to war, we get into endless complications and we serve to divert the attention of the people from the accomplishment of the main mission.

DR. JOSEPH MAYER:<sup>1</sup> It seems to me that General O'Ryan has struck the keynote of this whole problem. Dr. Slosson has pointed out how impossible it would be to limit the chemical and industrial preparation of a nation for war. If, for example, the people of this country took a notion to manufacture phosgene just as they have taken a notion to manufacture hootch on the side, there would be no end to the amount of poison gas that we could accumulate individually to throw at one another in case we engage in personal dispute at home. But we have learned to depend on courts and the police force to preserve order and to take care of disputes. I hail from the state of Texas and I recall the days—I was a youngster then—when there was a shooting affair every day. When two men got into a dispute the end would be that one or both were killed. Now it seems to me that when you take this question on the international plane the problem remains essentially the same. Nations will maintain and use their armaments until a better method of settling disputes is not only found but established. If you can not limit the chemical or the industrial preparation for war, and if it is difficult, as Professor Warner has said, to

<sup>1</sup> Professor of Economics and Sociology, Tufts College.

limit the air preparation for war, and if, coming down to military preparation, we find that Great Britain needs military preparation less but naval preparation more than Germany or Russia, you cannot take one of these factors as we did at Washington, and get a formula for limitation and expect that to apply to all nations with their different problems.

Even assuming that we could find a formula, a way in which we could reduce the air forces and the military forces and the naval forces and the chemical forces of the world the question would arise: How far reduce? Twenty-five, thirty, thirty-one, fifty, eighty per cent? It seems to me that that is reducing the question to its logical absurdity. You are not going to reduce armaments materially until you have found a way of settling disputes which does not require armed force, and that is by taking your problems to an international court or to an international conference behind which there is an international police force to see that decisions are adhered to. That may be a long way ahead but that seems to me to be the only solution. So soon as the nations place confidence in this new method or rather, if a few great nations, if Great Britain and the United States and France and Japan, let's say, would get together and decide that they were going to pool their armaments, for the purpose of policing the world, you would have a logical basis for limitation down to a police basis.

VOICE: It seems to me to be a pity to miss the real point of General O'Ryan's statement: the challenge he has thrown in that not merely is it futility to endeavor to reach abolition of armaments, but it is rather worse to discuss it for the reason that thought is diverted, whereas we ought to be concentrated on this main thing of setting up a substitute for war. I am in entire agreement with General O'Ryan as to his final point and with General Bliss; nevertheless it seems to me that there are perhaps some advantages in continuing discussion of disarmament as we rather loosely mean it. In the first place, there is a saving in money. Even the quantity of disarmament that we achieved in Washington will not involve, at least for governmental purposes, a better expenditure of money than for battleships. There is a delay in building up the animosities which competitive armaments themselves provoke. By the holding back of this building up of strictly competitive armaments we

eliminate what, as I see it, in itself tends often to be a force very potent in promoting war.

MR. TOM WALLACE:<sup>1</sup> It seems to me that we are pretty well agreed on some essential things. Dr. Butler said last night that this was an opportunity for some representative journalists to hear the views of some (I think he said) distinguished journalists and some distinguished experts. One thing that has pleased me greatly is to find that these gentlemen who really do know reach about the same conclusions that a fellow reaches sitting behind a desk in the middle of the continent, as to the real effectiveness, the practicability and the usefulness of disarmament proceedings looked upon as a means of really averting war. We have simply got to go at it in the way of building up a means, as the preceding speaker said, of averting conditions which will bring about war.

One matter seems not to have been touched on that is of importance and that is: In so far as we do in any way reduce armaments, we do reduce a burden upon the taxpayers. Moreover, we do make a gesture in the direction of depopularizing war and therefore I think every newspaper, while it may not believe in the efficacy of disarmament, ought to be for the idea because it is an aid to the taxpayers and it is a peaceful gesture.

MR. WILLIAM HOWARD GARDINER: It seems to me I read that this is a conference on disarmament. I infer from that that it is to address itself directly to the question of armaments rather than of substitutes for armaments. I happen to have here an excerpt from President Coolidge's special message to Congress of the fourth of January last in connection with the Preparatory Commission in Geneva in which he says, "The conviction that competitive armaments constitute a powerful factor in the promotion of wars is more widely and justifiably held than ever before and the necessity for lifting the burden of taxation from the peoples of the world by limiting armaments is becoming daily more imperative."

Frankly, it seems to me that we might concentrate our attention under two headings. First, let us look at the cost of armaments. Second, do armaments cause wars or prevent them? On the matter of costs I have some figures that may be of interest. First let me say that the United States, the

<sup>1</sup> *Louisville Times*, Louisville, Ky.

British Empire, the Japanese Empire, France and Italy last year spent the equivalent of very close to \$2,000,000,000 for armaments. Now that is startling but if those expenditures assured their security the cost was relatively insignificant because it amounted to a little less than \$3.00 per thousand of international wealth. It was unfortunate for the powers other than the United States that their cost averaged about \$4.00 whereas our cost averaged less than \$2.00. Just for comparison, the average cost of fire insurance in this country is said to be over \$9.00. However, some more detailed American figures may be interesting, if not surprising. The total cost of government in the United States in 1903, according to the National Industrial Conference Board, was \$1,570,000,000. In 1924 it was \$10,252,000,000. The armed forces of the United States in 1903 cost \$228,000,000, or 14½% of our then expenditure for government. In 1924 these cost substantially \$646,000,000, but that was only 6 3/10%. Reducing these figures to a per capita basis, in 1903 our armed forces cost us \$4.02 per capita. In 1924 they cost us \$5.77 per capita. In 1903 the total cost of civil government in the United States was \$24.22 per capita; in 1924 the total cost of civil government was \$85.85 per capita. In other words, the cost of armaments to the United States has increased in the last twenty-one years by \$1.75 per capita, whereas the cost of civil government in the United States has shown a net increase of \$61.53—over ten times as much as our total cost for armaments.

Now I very respectfully submit that before we grow too excited over the so-called "crushing burden" of armaments, "crushing" to the extent of \$5.77 per capita to us, that we pay a little attention to the net increase during the last twenty-one years of \$61.53 for civil government. In this connection I might simply add this relation, that in 1903 our total costs of government absorbed 7 7/10% of our national income. Today our government is costing us 16%. Really, as a practical business matter, it seems to me that our problem is not so much metaphorically to go to Geneva and try to reduce this \$5.77, but it is to go back home and try to reduce the \$61.53, each in our own community, for the federal government is pretty well reduced.



MR. H. WILSON HARRIS: It seems to me, if I may make a rather provocative generalization, that the whole course of this discussion forces us almost relentlessly to a certain definite conclusion. I don't think it has quite been shown—in spite of my great agreement with what General O'Ryan has said—that it is useless to attempt any limitation of armaments, and that for the reasons which were put forward in the quotation from President Coolidge's speech read by the last speaker. If we can do something to limit the present competition in armaments we shall have done something to limit the provocation to new wars. That hardly needs demonstration; but if it does need it, let us look at the airplane building on the part of Great Britain and France and Italy. We are building airplanes, quite frankly, because we cannot be exposed quite defenseless to a large French armament fleet, which is not, of course, built against us. Italy is building airplanes for the same reason. Anything that can limit that disastrous competition will be of some value. But at the same time, it has shown beyond any possibility of refutation, particularly by Professor Warner and Dr. Slosson, that you cannot really limit armaments. You may establish a ratio of what one might call actualities, visible armaments; you cannot establish any ratio of potentialities or any limitation of potentialities, and therefore it seems to me that we are really driven back to the question of whether we ought not to be facing, not the problem of armaments, but the problem of war altogether.

General O'Ryan has spoken of the necessity of developing other alternatives for war; that is, as a means of settling disputes. That must be done and is being done, but there we are faced with the hitherto unsolved problem of what is to be done in a world consisting, let us say, of fifty or sixty states of which forty-five are of good will and of good faith but the others are not. Let us reduce the proportion. Take a society of ten states in which nine are of good faith and the one is not. Are you going to allow the one to arm, are you going to allow it, after it has taken a pledge of peaceful settlement, to attempt to settle by war? If you are not, you are driven to the conclusion that in the international field as in national life, you must first of all create a régime of law and order, and then in case of necessity enforce it. Now is that possible technically



and is it possible politically? Political argument is much too long to go into now. In regard to the technical argument, we were all impressed, I imagine, by what various speakers have said about the rapidity with which a modern state can organize for war, but in spite of that—I imagine it is true, of course I submit it entirely to the experts—that you can very broadly divide a modern war into at least two periods: the first, in which you have to rely on your actual armaments already visible and ready, and the second, in which your potentialities begin to come into play. One speaker, I think, pointed out that in the United States the men were ready before the machine was. The machine does take some time to set in motion. Now is it possible to get an arrangement between the nations inside the League or outside—that matters nothing as long as the arrangement is important—whereby if a nation which has pledged itself to accept peaceful settlements does have recourse instead to war, you can in that first period take such combined action against it that its ultimate potentialities can never be brought into play at all? That seems to me to be the question we really have to address ourselves to.

We have watched with great interest that chart of Admiral Pratt's but I wonder if we really believe there is a distinction between No. 3 and No. 4, whether you can in actuality divide wars into aggressive and righteous, defensive wars. And I wonder a little bit if there is any real distinction between preventing war and limiting war. And I wonder still more what is the latest attitude of my own country, which apparently stands somewhere between preventing war and limiting war.

To sum up what I have been trying to say, it does seem to me that this discussion drives us to the conclusion that we should consider whether we ought not to address ourselves very definitely to the attempt to regulate war as we regulate crime in the civil states.

MR. CHARLES F. SCOTT:<sup>1</sup> We have met under the auspices of an organization, the purpose of which is to endeavor to bring about international peace. I listened with a great deal of care and interest to the addresses that were made last evening. I have listened very carefully to the papers read this morning and discussions which followed and I have rather

<sup>1</sup> *Iola Register*, Iola, Kan.

missed an argument in any of the papers or discussions intending to point out to us the way in which a reduction of armaments might result in promoting international peace.

It seems to me that as readers of history we must realize the fact that the condition of the armament of a nation has had very little to do with its entrance into war. The United States in 1917 was as nearly disarmed as any nation of its size and importance could possibly have been, and yet we entered the war. It is hardly conceivable to me that nations would fail to engage in war, if a cause of war should arise, merely because of the state of their armaments.

The impression that has been left upon me from listening to the addresses under discussion—and I venture to mention it because it seems to me a personal reaction may not be without some value as an indication, perhaps, of the reaction that may come upon the minds of the people throughout the country as a result of this meeting—is that disarmament, internationally speaking, is a practical impossibility; that it is desirable to whatever extent it may be reached, chiefly for economic reasons; and that the main purpose to which this organization and any conferences held under its auspices should address itself and should address themselves, is the education of the people to the thought that a state of international mind may be created which in itself will be the best guarantee against war.

I agree very emphatically with the remark of General O’Ryan that we ought not to be diverted from the main purpose of the organization under which we meet here to-day by a discussion, technical or otherwise, of what appears as a mere side-issue in comparison with the great concern, the great concern being to educate the mind of the world against war rather than to point out some little detail that possibly might avert or postpone war on certain occasions and under certain circumstances.

MR. ROBERT S. BROOKINGS: The interesting papers which have been submitted and more than an hour’s discussion seem to have elicited nothing more than that while disarmament may save the nations a waste of money now expended on armament, the future implements of war trend in the direction of airplanes and chemicals and are so inseparably associated with

necessary economic developments that it appears practically impossible to make disarmament an important factor in war prevention. Usually when we discuss an evil with a view to its elimination, we go directly to its source. Yet we have not heard a word this morning regarding the source of armament which is the overdevelopment of nationalism. We honor that love of country which we call patriotism, but we have witnessed in Europe the development of this sentiment until it has taken the form of an obsession which assumes that love of one's country necessitates the hatred of other countries. Hence we have armaments for so-called self-defense which have as frequently been used for selfish offensive. Thus patriotic emotions have blinded the people of Europe to the overwhelming importance of their economic well-being, which is dependent upon cooperation through the formation of one or more customs unions. It was the German Zollverein which nearly a hundred years ago broke down the antagonisms of the German principalities and consolidated them into one people with an enormous improvement in their economic well-being. That the economic well-being of a people is overwhelmingly more important than their purely political interests, witness the condition in our own country. While each of our states is most jealous of its political entity, it makes little difference to us in which state we live because free trade between the states, creating a free flow of economic life, utterly subordinates state patriotism. The way to disarm is to remove the incentive to armaments through one or more economic United States of Europe.

PROFESSOR EDWARD P. WARNER: It has been suggested by Mr. Harris and other contributors to the discussion that any disarmament that can be secured will in itself be a step toward lessened international tension and toward a better international feeling. I think that is very often true but that again gets back to the original state of international fear. Let me take a concrete instance, the same one that Mr. Harris cited. It is true that no one can read the press of Paris and of London without recognizing that there has been a good deal of bitterness over the competition in aerial armaments between France and Great Britain, but I think a competition in disarmament, if I may use that phrase, is almost as likely or per-

haps more likely under some circumstances to lead to hard feeling. When I see the fear that France feels of Germany despite elimination of the German military air force, I feel that if France and Germany had mutually agreed to disarm to the degree and to the state that Germany is disarmed now in the air, there would be much more hard feeling between those countries than there is between France and Great Britain. The armament is now at least on the surface. It is easier to form an approximate idea of what is going on in Great Britain and France than it is to formulate a statement in which the French people will have confidence of what is going on in Germany, and therefore the very fact of the disarmament has helped to make for suspicion.

I further find it difficult to accept what I understood to be the chairman's position in his remarks in opening the discussion about the relation between the expert and the politician. I believe Dr. Shotwell said that disarmament is a political matter and to some extent would have to be imposed by the politician on the expert. Again returning to aeronautical experience in central and western Europe, it has seemed to me that it is rather the other way. Those nine rules which govern German aviation were drawn up by experts in aeronautical matters and so far as I know the experts are pretty well satisfied; they do not say they are perfect, but most of them are not complaining very loudly. Most of the complaint comes from those who are laymen in aeronautical matters, who are suspicious because they do not fully understand the rules and the way in which they are being applied and the meaning of the limitations that they apply.

PROFESSOR MANLEY O. HUDSON: I would like to make just two points. I very much agree with General O'Ryan's insistence that this problem is dependent upon the development of a state of mind with reference to the solution of international difficulties, but may I suggest to him that perhaps the existence of armaments is one of the factors to be taken account of in going about the development of that state of mind.

I find it very difficult to believe, as General O'Ryan said, that armies and navies are maintained by all countries simply because the people believe they are necessary to their defense. I think many people probably take pride in the maintenance

of their navies and their armies. Surely one of our problems is to get rid of a state of mind in which they are taking pride in the maintenance of their armaments, and I think one way to go about that is to reduce the size of existing establishments.

The problem is not, as Mr. Gardiner seemed to think, citing statistics that I certainly do not understand, a problem simply for this country. It seems to me to be an international problem.

I should like very much to associate myself with what the chairman has said about the place of the expert in this matter. There is an old statement, I believe, that an expert should be on tap but not on top, and in this field the statement is peculiarly applicable. The politician's job is to say that you are going to have some reduction in armaments; the expert's job is to say how that reduction is to be accomplished, how it is to be carried out, and how it is to be watched in the future. I can only express disappointment with the view expressed here to-day that the Washington Conference settled this whole question so far as naval action is concerned. It seems to me that there ought to be a continual Washington Conference. I had hoped there would be a discussion here this morning as to the further steps to be taken toward the reduction and perhaps limitation of naval armaments.

Then I should like to say one word in reply to our experts generally. I think they, and particularly my friend Mr. Warner, have at times used expressions which created the impression that some of us had in mind a final action that might be taken once and for all in these matters. I believe I am conscious enough of the difficulties to say that no final step can be taken, that a process of limitation or reduction of armaments must be a continuous process, calling for continuous action and continuous conferences. I think the great difficulty about the Washington Conference was that it adjourned; that the delegates went home without making any provision for their meeting in the future. It seems to me that what the world needs, as Mr. Shotwell has so often stated, is some kind of a continuous process for the consideration of problems of disarmament in the light of experiment and trial.<sup>1</sup>

<sup>1</sup> For the address which the Chairman, Professor Shotwell, delivered at the conclusion of this Round Table discussion, see p. 79.



## DISCUSSION:<sup>1</sup> DISARMAMENT, SANCTIONS AND AMERICAN POLICY

CHAIRMAN, JAMES G. McDONALD:<sup>2</sup> Dr. Martin pointed out what I suppose nearly all of us have realized—that the League, during its first three or four years of life, tended to develop in practice toward what we called a Quaker League. That was more or less a definite concession to American opinion, or what they supposed to be American opinion. Article X was soft-pedaled. The other sanction articles, XI, XII, and XVI, were little referred to. Various attempts were made to interpret them, to soften them, to modify them.

It is my personal judgment—I may be quite mistaken—that the members of the League desired to conciliate American opinion and to bring us nearer to Geneva. But, as Mr. Martin pointed out, by 1922 or 1923 either they became tired or discouraged about America or their own situation became so acute that they determined to face in a different direction. Therefore you had a consistent policy during 1923 and 1924 culminating in the Protocol and the Locarno treaties.

I might interpose a remark that was made to me by a distinguished Britisher speaking about the Protocol just a few weeks after the discussion in Geneva. He said the Protocol was the lawyers gone mad, meaning that the Protocol, in its emphasis upon logic and upon an attempt to get an absolutely water-tight and fool-proof contrivance against war, was carrying logic to an absurd extent.

MR. H. KALTENBORN:<sup>3</sup> I was very much struck by a repetition, in something that Mr. Martin said, of what seemed to be the general line of thought at yesterday morning's discussion on this same subject, namely, that in discussing disarmament we are concerned primarily with economic issues and that, as Mr. Martin expressed it, a mere matter of a hundred or two hundred thousand troops makes comparatively little

<sup>1</sup> Round Table Conference No. 4. For papers read at this session, see pp. 41, 45, 49.

<sup>2</sup> Chairman, Executive Board, Foreign Policy Association, New York City.

<sup>3</sup> Associate Editor, *Brooklyn Daily Eagle*, Brooklyn, N. Y.



difference. And he cited the fact that we could depend upon the opposition in parliaments to hold governments down to a reasonable basis of armament.

My own feeling is that so far as the popular mind is concerned, that is not true. I think it is tremendously important whether the country has one hundred thousand or two hundred thousand soldiers. I believe the impression on the popular mind still is and will continue to be for some time that you must estimate armies largely on their face value. Those who study the question a little more realize that that is not true, but the great public does not realize that and it is the great public that influences parliaments. It is the great public that ultimately, in democratic countries at least, creates armies or reduces them.

So my feeling is that this suggestion, as well as the suggestions that were made yesterday along the same lines, may be rather dangerous if they take us away from a concrete consideration of what can be done in the direct reduction of armed establishments. I feel that for some time that will be the important thing upon which our thoughts should center, even though our economic and naval and military experts tell us it is going to be difficult to arrive at a formula for diminishing armaments.

MR. WILLIAM HOWARD GARDINER: I will take up Mr. Von Kaltenborn's challenge. The suggestion is that the all-important thing is to reduce armaments.

Before we address ourselves to that I think we ought to discuss the question: Do armaments tend to cause wars or to prevent wars? There has been a great deal of talk, covering many, many square miles of paper, to the effect that armaments, of course, cause wars. It is possible, however, to develop a thesis to the effect that, not armaments, but the lack of armaments, the lack of balance in armaments, causes wars. I should like to see some discussion along those lines.

MR. HERBERT C. PELL: <sup>1</sup> It seems to me that there is a great deal in the theory that a reduction of armaments, though it would not end wars, would lessen suspicion in other countries. I have too high an opinion of my countrymen to believe that the only thing that keeps the United States from entering on

<sup>1</sup> Former Congressman from New York.

a career of aggressive warfare is the fear of defeat. I do not think that we are a nation of bullies and cowards. Peace cannot be maintained by the dominance of fear over arrogance. There can be no doubt that very large military armaments in any country are bound to arouse a certain amount of suspicion and fear in others. A war caused by armament will not come from the wild desire of the soldiers and sailors of the well-armed countries to exercise their profession, but from the fear of other peoples. It would be caused by a panic. Disarmament is an agent of peace, not because it lessens one nation's power of attack, but because it decreases the fear and suspicion of others.

ADMIRAL PRATT: I am quite in accord with the speaker that preceded Mr. Gardiner. [The reference is to Mr. Kaltenborn. ED.] As a matter of fact there was a certain amount of tension existing between the United States and Japan before the Washington Conference was called. It was due to naval armament. It was necessary to find a way to reduce that feeling and as a result the Washington Conference did succeed in producing a certain amount of agreement.

There is no question in the mind of every thinking military man that competing armaments do have a very bad effect.

As to the question of whether you distinguish between the amount that you start in with and the industrial factors that come in later, I noticed yesterday a question was asked as to the difference between preventing war and limiting war. Every military man knows what it means to take the initiative. If you have a large force at hand you get the jump, and it can never be overcome by any amount of industrial effort made later; that is what we call limited warfare; that is what Oppenheim describes as the war waged between states by armed forces. If, however, the fire spreads to a conflagration, you then have unlimited war which everybody should stop at all hazards. That is where your sanction comes in. So it does make a difference whether you proceed sanely or, as military and naval men say, "Let's not proceed in an unthinking manner."

CHAIRMAN McDONALD: There does seem to be a general tendency to the French point of view, to emphasize the underlying economic factors. I know you have studied the League

questionnaire which Mr. Miller discusses so provocatively in the pamphlet which our association has issued.<sup>1</sup> There the question is asked as to the effect of economic resources and potentialities, and I assume that there is at least in France and elsewhere in Europe a strong body of the opinion which would count these underlying potential resources as armament in the same way as others would count the actual armed forces of the country.

DR. E. T. DEVINE:<sup>2</sup> I had not supposed that there would be such a difference of opinion about the desirability of disarmament.

When Mr. Martin said yesterday in another section that the League of Nations had developed an interest in its social section chiefly because of the abstention of the United States, I felt that he brought forward the best argument I have yet heard in the United States in favor of our abstention. If it is true that the interest in labor and in health and in child welfare has preoccupied the attention of the League rather than agreements as to how to prevent war, that seems to me all to the good. I am inclined to think that if the League is multiplying the points of contact, by dealing with substance rather than machinery—I am thinking particularly of the social section as dealing with substance, dealing with the things that affect happiness and the content of life rather than the formal relationship of nations—the United States is indeed contributing something to making the League of Nations successful by abstention.

CHAIRMAN McDONALD: Dr. Devine is an optimist. He would enlarge and develop the League through abstention. He is optimistic and not particularly flattering.

DR. BRUE: I noticed the description that you made of a certain position as the Quaker view.<sup>3</sup> Possibly I ought to say that I am a clergyman. The clergy object to war less as a matter of theory than as a practical thing. We object to war

<sup>1</sup> *Problems of Disarmament*, F. P. A. Pamphlet No. 37.

<sup>2</sup> Author and lecturer, formerly professor of social economy, Columbia University, 1905-1919, editor, *The Survey*, 1897-1912, and director New York School of Philanthropy, 1904-7, 1912-1917.

<sup>3</sup> In summarizing Mr. Miller's paper, the Chairman had alluded to the opponents of sanctions as "the Quaker group".

because we object to letting a child take a box of matches into a room full of gunpowder. We recognize that war is exceedingly contagious, that it spreads with tremendous rapidity, and that the world is now so interdependent that we cannot permit any two nations, however small, to get into a fight without endangering the whole world.

The safety of limiting armament and the degree to which armament is to be limited depends largely upon the amount of armament that somebody else has. At present there is serious danger that seems to come partly, at least, from Russia.

In this connection, may I repeat a little piece of my own experience? I was in Juno, Alaska, thirty or forty years ago and I delivered an address that was exceedingly offensive to quite a number of persons there. The inhabitants were a very rough crowd. As I went down into a store I was greeted with the announcement that I ought to be shot, and when I left the store I was followed by two or three men and they fired three quick shots at me. I stepped behind a large post, drew a revolver, and covered those fellows. They were entirely in the open and I was entirely covered but for my revolver and one eye. The result of being well armed was perfect peace.

DR. WILLIAM MARTIN: My point was not really what the chairman calls the French contention respecting the potentiality of armaments. I refer to protectionism and to the danger which protectionism in Europe, at least, implies in itself where armaments are concerned.

Just before I left Geneva the Section on Disarmament of the League of Nations published the new issue of the big year book on armaments, which is really a very interesting publication and gives some very impressive figures. If you look at this publication very carefully you will see that the armaments are really decreasing in every country in Europe. Of course, in China and certain other places there is an increase, but in all the countries of Europe the armaments are decreasing.

There is much more of a decrease than the figures indicate because in the figures before the war everybody had a tendency to give too low a figure for the army and actually the armies were bigger than they were on paper, but now it is just the contrary—every country has a tendency to announce a big army but in most countries the men on paper really do not exist

in the army. The armies of Europe are really much smaller now than you believe, and that is why we think the danger is no longer really military.

But we are very much impressed by the danger of protection, because protection is, first of all, very expensive—I mean expensive for the people because it raises the cost of living. That is a very big and important aspect of the question, because European people cannot afford to give, for a long time, great sums to support artificial industries, and the day may arrive when the people will say, as they did in 1914, that it is better to have a break than go along in this way for a very long time.

The second thing is the unrest which it is creating in all the people. Every nation is creating new artificial industries to be independent of the other nations, and the other nations do the same. This tends to create a distrust between nations, which is just the situation out of which wars usually arise.

You know, as one gentleman pointed out here a short time ago, that you are not protected unless you are better protected than the other man. So you have always to make your taxes higher in order that your army may be larger than that of the other countries. It must have an end because it is impossible to go to the sky. Nobody knows what the end will be, but I must say we are rather worried about that. We are under the impression that the wars will not come, for a time at least, because we have so many soldiers—but we have not as many as one believes. We are also under the impression that war could come because of this feeling of unrest and the difficulties arising on account of protection, and that is why we lay so much emphasis upon the economic side of the problem. It does not mean, however, that we are paying no attention to the other side.

Just one more word. It has been said the great public does not appreciate the reality of these dangers. I do not think that is true in Europe. Of course, it may be quite different here, because you have a very different situation. But in Europe you will find that armaments are too expensive in most countries, and I think that most of the people realize what armaments mean.



MRS. ALEXANDER HADDEN:<sup>1</sup> Is there any possibility of having voluntary sanctions instead of enforced sanctions?

CHAIRMAN McDONALD: Mrs. Hadden is raising the point of sanctions, which is the real subject of the morning.

ADMIRAL PRATT: A definite policy of limitation of armament applied to naval ships had a definite effect. We distinguish between protection and security. There was an insecure feeling in regard to naval matters before we did something definite. The problem was put up to naval men and they saw it in a certain way. It had a result. It gave us security. It reduced armaments in a naval sense, and we would like to have seen it carried straight through because we would have eliminated the competition that is going on to-day.

The result was also this: It apportioned automatically the amount of national resources which went directly to armaments. It also enabled us to look forward to making out new rules of international law, looking at the situation broadly, in order to get law once more back to the same basis which it was in before we went to the war. Now we naval men wonder why we can't try a 5-5-3 ratio in Europe with military forces—take a chance at a ratio or something of that sort—and the question will automatically solve itself and that feeling of security will come.

CHAIRMAN McDONALD: Admiral Pratt has not answered Mrs. Hadden's question, but he has raised a point which I think some of the people I see in the audience ought to discuss.

MR. E. W. OPIE:<sup>2</sup> The questions of security and armament are very closely intertwined, and this paradox of security and armament is reminiscent of a certain type of negro in my part of the country. He will let some one take his gun away from him without much ado but when somebody tries to take his razor he figures that that is an infringement on his personal liberty and his right of security.

Conceding the point that discussion of limitation of armament is helpful in preventing war, it occurs to me that we are in danger of mulling the real basic issue of these discussions. General O'Ryan made the point yesterday that there can be no real disarmament because if we do away with arms and arma-

<sup>1</sup> 67 Park Avenue, New York City.

<sup>2</sup> Of *The Leader Publishing Co.*, Staunton, Va.



ments we still have the fighting instinct left in men, and that unless we change the hearts and minds of men we will not do away with war. To effect this change, he said, agencies must be established which will furnish a means for the settlement of international disputes that are now left to the arbitrament of war, and as confidence is established in these agencies, nations will voluntarily reduce their armaments.

It has been demonstrated by various experts here that there can be no real disarmament without limiting or even eliminating legitimate industrial development. To my mind the real issue was stated by General O'Ryan. To limit war, to eliminate war, you must change the hearts and minds of men. We haven't a great deal of influence on the hearts and minds of Europeans and persons of other nationalities, but we can put our own house in order. When we sit idly by and let the Congress of the United States offer a gratuitous insult to a great nation like Japan and get away with it, we are certainly not putting our own house in order. When we let the United States Government refuse to send a representative to explain the Senate reservations to our adherence to the World Court, we are certainly not meeting the other fellow halfway.

It seems to me that the solution of these problems is around a conference table and the adherence of the United States to conferences toward this end. How we are going to do it is a moot question.

The greatest conferences of today are the conferences of the League of Nations. It has entered into practically every argument before this body. Why blink the issue? The real agency, to my mind, which has been set up and which General O'Ryan said is so necessary if we are to eliminate war, is the League of Nations, and it seems to me that the greatest step that the United States of America can take toward helping in this matter is adherence to the League. I believe that we of the press can help take this matter out of partisan politics by advising people who come within our sphere of influence toward that end.

DR. SHOTWELL: I wanted to say that it seems to me that from the discussion of these two days it is necessary for us to make more precise what we mean when we talk about armament. And the first thing that is clear is that we mean different things.

Europe, by and large, has learned now the actual and potential value of every means of defense because it is straight up against danger. We normally think of the organized striking force. Now let us say when we are talking of the limitation of armaments that we are not talking about limiting the whole productive capacity of the modern nation. We are talking about striking force, as Admiral Pratt has so definitely and clearly stated. Let us say we are talking of the limitation, reduction or control of the existing armaments in that sense of the word. The potential armaments which exist in chemical works or industrial mobilization carry us into an entirely different realm. The solution is not the same in these two realms.

There is a definite matter of arithmetical coefficients to be established as regards the striking force. The Washington Conference showed it was possible in one sphere, although every one had said, when the conference met, that there was no possible formula. But at the same time I do think we have to learn in this country that the potential armaments are much nearer than we conceive to the striking force in nations that are close up against danger.

Then let us bring the pertinent solution to that set of problems. It has been seen already from the discussion that the pertinent solution lies in political solutions which tend toward the elimination of the controversies of war. Even protection may have a military tinge to it in the European situation. Therefore, dividing these two problems very definitely and clearly, let us realize that the problem of the reduction of armament includes such matters as can be handled in relation to war offices and navy administrations or air forces, existing or on paper; then, with reference to the larger issue, turn to the League of Nations, to the courts, to the ultimate means for peaceful solution. Of course, I should like to have more time to go into that.

MR. W. T. ANDERSON:<sup>1</sup> I only make this comment and interpose my point of view at this particular time in order that a sectional view may be presented in contrast, possibly, to an international or a national view, which is probably more conspicuous in this particular section.

<sup>1</sup> Publisher of the *Macon Telegraph*, Macon, Ga.

If a presidential primary may be so interpreted, the State of Georgia gave 48,000 votes in favor of entering the League of Nations. It cast 80,000 votes for two other candidates opposed to the League of Nations.

The matter of armament seems to me, first and last, much like the question as to which came first—the egg produced by the hen or the hen produced by the egg. We find out that the person who is armed is much quicker to fight. We have demonstrated that.

One gentleman made reference to the negro and the razor. I notice if we send out a couple of men and disarm the men going to a negro meeting—have them check their weapons—we never have any fights or arrests in that meeting.

I am unequivocally in favor of the League of Nations on some basis, compromise or otherwise, and the World Court, with a sufficient police power allotted to the different nations to support the verdicts of that World Court.

It seems to me if we were to arrange this police power on a very limited basis it certainly would tend toward the reduction of war. As to the question of sanction or approval, if our particular police power should be loaned to that World Court for the upholding of its decisions, that would be a tremendous compromise; but the whole history of the world is one of compromise, and where you don't get compromise you usually get war.

As I say, just presenting a sectional view and interpreting my own section in so far as I am able to do it, I believe that would be a practical basis and I have advocated it, and although the world hasn't seen fit to follow out my ideas I am still hopeful. The world has been in existence for something like two hundred million years and man hasn't made much progress, but the Creator is still patient. I am hoping that in the next two hundred million years the world may endorse some of my views. But that doesn't discourage me at all. I believe we ought to do the very best practical thing we can and be content to make our contribution to the peace and welfare of the world.

We need take no particular credit to ourselves because ours is such a peaceful country. The other countries have nothing we want, and that is why we are so peaceful. We enjoy

prosperity and have a particularly rich country and we are isolated. I don't fool myself one particle about man. He has a coat of varnish on him about as thick as the thinnest piece of tissue paper, and whenever you scratch through that coat of varnish you have got the animal, the same as they have in any other country.

Education is the cure for this thing, and out of education comes idealism, civilization and soulfulness and the climb to God. I believe that it was intended by the Creator that through spirituality we should get somewhere eventually, for the reason that spirituality is universal. But we have a long fight to make, and I believe education is the thing we have to address ourselves to; and although it may be, as I have said, two hundred million years more, I am still hopeful.

CHAIRMAN McDONALD: I am glad to have an American voice, in the presence of half a dozen or more foreigners, confess that really sometimes we do doubt whether we are so much better than they are. We don't often admit it but we do occasionally doubt it.

I wonder if somebody won't address himself to the technical point on sanctions. We ought to get around to that.

I am looking at a distinguished authority on international law. Dr. Scott, what about the question which was raised here awhile ago as to the possibility of Quaker sanctions or compulsory sanctions?

DR. JAMES BROWN SCOTT:<sup>1</sup> Mrs. Scott has just whispered a word to me to the effect that I am here to listen and not to instruct.

CHAIRMAN McDONALD: Of course we have no desire to have domestic war any more than international war. Under the circumstances we accept Mrs. Scott's judgment.

MR. PHILIP JESSUP:<sup>2</sup> Perhaps I don't come quite to your technical point, but I think there is a point possibly involving the question of sanctions that is not usually so considered. It is a point which Dr. Martin touched on in his opening speech. I was at the back of the room but I understood him to say in connection with his discussion of the German-Russian treaty

<sup>1</sup> Director, Division of International Law, and Secretary, Carnegie Endowment.

<sup>2</sup> Lecturer on International Law, Columbia University

that it was the policy of the League of Nations to increase the number of neutrals.

I have a little question in my mind as to whether it is a policy of increasing the number of neutrals or of eliminating neutrals altogether. That is, whether the point is not to gather all of the nations against a particular aggressor, thereby making them all belligerents and destroying neutrality as a system, and through that abolition of neutrality applying a sanction.

I raise that point in connection with a thesis which has been developed by Professor Hyde of Columbia in an address before the New York Bar Association, which has been reprinted in the *American Journal of International Law*—the question of the relation of international law to disarmament. Professor Hyde's thesis is that if it is possible to get nations to agree in advance to arbitrate differences rather than go to war, it is also possible to get them to agree to limit the methods of warfare which they will employ. He suggests that if you get an agreement, barring, for example, that form of commercial warfare utilized upon the seas in the last war by which the commercial ships of the enemy were destroyed wholesale, and confining your activities to a struggle between the actual belligerent forces, the armed forces, you may in that way be able to find a basis for the limitation of naval armament.

He suggests that the desire to increase forces of auxiliary craft, and perhaps the chief utility of submarines, depend upon whether you can be assured that your commercial craft are not to be attacked upon the seas. The question of establishing more clearly the rules of international law as to the exemption of merchant vessels may have a distinct bearing upon willingness of nations to work out and adopt a formula for the reduction of certain types of naval craft.

CHAIRMAN McDONALD: Mr. Jessup's point is very interesting. My only reaction is that before the war some of us who were teaching in college, used to explain that gradually war was being abolished through the steady expansion of neutral rights and the steady diminishing of belligerent rights. I think everybody agrees that in the fifty or sixty years preceding the world war belligerent rights were more and more narrowed and neutral rights more and more broadened. Therefore we, in our simplicity, said, "This is a process which



has gone on for a long time. It will continue and gradually we will so restrict belligerent rights that it won't be worth while having any war at all."

But we forgot one fact, and one important fact is enough. We forgot that in most of these wars preceding the Great War the bulk of the world had been neutral and therefore the bulk of pressure was to maintain and enlarge neutrality and to restrict and limit belligerents. So we had this very hopeful development. But in 1914 and 1917, and even before we got into the war, the bulk of the world—that is the influential part of the world—was belligerent, and what happened? Our beautiful theory was exploded. Neutral rights! Where were they? Those that the Germans failed to smash up the British took good care to destroy, and so by the end of the war there was nothing left of this beautiful theory.

Now I merely raise the question whether anybody would believe that no matter what our agreement was as to not attacking commercial vessels, it would be safe to rely upon it.

MR. JESSUP: May I just interject a remark, and that is to point out that during the wars of the French Revolution and Napoleonic struggles one of the greatest advances in the law of neutrality came about at that time through the efforts, largely, of the United States, which at that time was an extremely weak and infant nation. In military power, the belligerents were by far the stronger side of the world, and yet the weak neutrals were able to accomplish a good deal and obtain substantial damages in the form of money payment for the wrongs done them at that time.

MR. GARDINER: It seems to me that, speaking as one civilian to another, the thesis of banning any naval action against mercantile shipping overlooks the fundamental main mission of naval power. The main mission of naval power is not to fight other naval ships. They are obstacles that interfere with the execution of the mission of naval power. The mission of naval power is to assure adequate use of the sea channels for our own movements of all kinds and to deny use of sea channels to enemy movements of all kinds—military, and, more particularly, mercantile. There is the blockade. The thesis just suggested overlooks the main central objective of naval power, namely, the "control" of maritime communications of all kinds.



MR. SCHOTTHOEFER: The Russian-German Treaty is something of a surprise and I feel rather inclined to excuse it than to defend it. That treaty, as you know, is born of a political spirit, and even the German Government, if I remember well—I must confess that I have neither the text nor the letters exchanged concerning the treaty—has expressed the opinion that the treaty would never be applied. I myself think the treaty enters into the whole of the European politics. A guarantee of peace is a means of procuring security, and security is a primary condition, from my point of view, for disarmament. I think that the German-Russian Treaty is a step in that direction, in so far as it will aid in maintaining peace in the eastern part of Europe.

If I may be allowed, I would like to answer a question, or rather an idea, expressed by some gentleman who said that the Russians are not in favor of peace, that you must keep your revolver directed against Russia.<sup>1</sup> I am not sure this is really true. I may say that I have visited Russia several times and I think that even Soviet Russia will not be a menace to peace by its own will. On the contrary, the Soviets are interested in keeping peace. They represent another political state, another social system. They are afraid of any intervention that they think is coming from the outside. They are quite sane about their church, about politics, economics and all those things, but if you speak to them about the possibility of uniting the whole capitalistic world against Sovietism they lose every shred of reason.

I think that the spirit of the Russo-German Treaty in the main is to maintain peace—that is to say, by avoiding a war against Russia.

DR. SHOTWELL: This Russian-German Treaty ought, I think, to be considered, at least academically, in line with the other treaties that Germany has made. It is still outside of the League. It has made a number of very interesting treaties with its neighbors. The Conciliation Treaties embodied in the Locarno agreement came from Germany, not from the outside. There have been traditions developed in the German Foreign Office which are a hopeful sign of cooperation for other nations. I take it that our judgment with reference to

<sup>1</sup> Cf. *supra*, p. 100.

the treaty with Russia should be based in some measure on this broader aspect of recent German policy.

The United States, while outside of the League of Nations, has done nothing that bears comparison with what Germany has done in the establishment of compulsory arbitration in this treaty. We are lagging behind. We are unaware of what has been done in Europe toward the establishment of this alternative for potential armament. The German treaty with Sweden is so far in advance of our treaty with Sweden that we may well take the comparison into account in our view of the international situation.

CHAIRMAN McDONALD: May I simply call your attention to the fact that all of these treaties which Mr. Shotwell has referred to, and many others, are incorporated in one of the most convenient books I think the League of Nations has yet issued. It is a very recent publication which they call *Arbitration and Security*, a systematic survey of the arbitration conventions and treaties of mutual security deposited with the League of Nations. It contains the text of all the recent arbitration treaties and I am sure that it also contains our 1925 treaty with Sweden in which we, in dealing with this very dangerous neighbor of ours, have continued to include those exceptions of national honor and vital interest which are, of course, big enough doors to drive anything through.

## **PART II**

### **RAW MATERIALS IN RELATION TO INTERNATIONAL PEACE AND ECONOMIC PROSPERITY**

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## THE RELATION OF RAW MATERIALS TO PEACE AND PROSPERITY<sup>1</sup>

ROBERT S. BROOKINGS

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**A**S the economic chaos of Europe continues, there seems to be a tendency for political emotions to subside and for the economic interests of the people to be given a chance to articulate, as witness the proposed economic conference of the League of Nations to be held in Geneva next October. When we call their attention to the economic results in the United States as an example of what one or more customs union groups of European states might in some degree accomplish in increasing their productivity per capita, which is the only source of economic improvement, they are apt to reply: How can you compare your unequaled natural resources of food and raw materials with any possible European aggregation! I am in hopes that the papers to be submitted this evening will throw some light on this delusion.

I have been long since convinced that our so-called advantage in food products and raw materials has been greatly overestimated. We have experienced within the past few years the influence upon the world's food markets through the development of Canada, the Argentine, and other countries, always bearing in mind the potentialities of Russia, and the scientific progress, through the use of fertilizers, in increased acreage productivity. In visiting Germany last year, I was repeatedly assured by German agriculturists that the progress they are making in reducing the cost of nitrates will enable them within a few years greatly to increase the productivity of their soil.

The normal low cost of ocean transportation, as a matter of fact, has practically equalized the cost of imported food to all those Western nations having deep-water ports. Only two or

<sup>1</sup> Address delivered by Mr. Brookings as Presiding Officer at the Third General Session, Wednesday, May 12, 1926.

three years ago we found ourselves unable to compete with other nations in the world's food markets, and the pressure of our rapidly increasing population with the enhanced value of our agricultural lands has a tendency to accentuate this situation. We usually classify the most important raw materials under the heads of textiles and minerals. As our own cotton from the basic markets of New Orleans and Galveston finds its way into foreign ports at about as low cost of transportation as to our New England mills, we seem to have no advantage over other nations in this important commodity; and as we are compelled to import largely of wool for our own consumption, we certainly have no advantage in this commodity over any European nation. The same argument applies to hides and leather. While we recognize the importance of minerals and especially credit steel as being the key to industry, here again, notwithstanding our rich Lake Superior and Alabama ore deposits and our unequaled coal supply all located some distance from the seaboard, we cannot claim to have any special advantage over the balance of the world. We are told that the Bethlehem Steel Company is developing the largest single steel plant in the world at Baltimore, where they use nothing but imported ores, and we have only to glance at the market quotations of basic steel products on the other side of the water to be convinced of our having anything but a monopoly of this important industry.

Any survey of raw material advantage must take into consideration the growing importance of the laboratory. The recent development of artificial silk, and the announcement that similar results are assured in artificial wool, indicate the future influence in this direction. Then again we find that basic or semi-finished products like pig iron float all over the world at a minimum cost of transportation, and can be accumulated with practically no cost of storage or of fire insurance. The pig iron may then be refined without serious handicap in any country which has fuel. In other words, occupation for population is found in the refinement process rather than in the production of basic materials or semi-finished products. It would, in fact, be difficult to name a mineral of any importance that is not produced some place in the world at as low or lower cost than with us.



As we think of the needs of a people in terms of housing, food and clothing, this leaves us only the question of housing, which by necessity is a local question, with seemingly no special advantage in any country. The consumption of our own timber supply has now established our lowest lumber market on the Pacific Coast, and the cost of transporting this lumber by water to our centers of largest demand, or Eastern ports, is practically the same as to European ports where we meet the competition of Canada, Norway, Sweden, and Russia.

In fact, a simple glance at the cost of living in all of the European countries as compared with our own, even after taking into consideration our higher wage, is sufficient evidence that we enjoy no basic or fundamental advantage in housing, food and clothing. If Europe would follow our example of industrial efficiency by adopting labor-saving devices and standardized mass production and our economic democracy of a relatively high wage through which to distribute equitably among the workers the resulting increased production per capita, they would soon find their economic well-being greatly improved.

Finally, if we could only form the habit of visualizing international trade as analogous to double-entry bookkeeping, where each dollar of import must show a corresponding dollar of export (either in commodities, services, or credits which we discuss as visible and invisible items), it would probably save the world a lot of waste resulting from a lack of clear thinking. The seeming wide discrepancy which exists at times between our imports and exports is balanced by such invisible items as our expenditures in foreign travel, alien home remittances, services of various kinds such as insurance and transportation, and the always easy adjustment of credits through international loans. Eventually our foreign loans will either be consumed in travel and other invisible items or come back to us directly or indirectly as commodities, which constitute, after all, the only foreign source of our increased national wealth.

## THEORY AND PRACTICE OF NATIONAL SELF-SUFFICIENCY IN RAW MATERIALS

GEORGE OTIS SMITH

Director, United States Geological Survey

**N**ATIONAL self-sufficiency is only a relative term. It is a balance between variety of demand and adequacy of supply that can never be in perfect equilibrium. A new use of this or that material calls for a larger supply, and we have to import what we had previously been exporting. A substitute is developed, and a deficit that had to be met with imports changes almost over night into a surplus. Or some industrial trouble may create a temporary scarcity that draws foreign material to these shores. Fluctuations in market prices commonly mark the ups and downs of this balance, and the ebb and flow of international trade exhibit the needed corrective to its lack of perfect adjustment.

Among the continents, North America has been so richly blessed with natural resources—climate, soil, forests, water power, and minerals—as to suggest that here is a group of Nature-favored nations. This condition is best exhibited in the well-recognized large degree of self-sufficiency of the United States in raw materials—a strategic advantage which is more than an academic theory, for we approach material independence in practice. Yet this highly advantageous situation has its limits, and there is some danger in the psychological self-sufficiency which discounts resource inventories and discourages national cost-keeping. Indeed, we might describe one phase of our national self-sufficiency by saying that it is the alibi promptly set up by the American industrialist whenever it is suggested that we need to take thought for the morrow. Fear of governmental action of some sort immediately arouses vehement assertions that all is well—we have enough of everything, and even if we haven't we will find it.

If we ask ourselves what degree of national self-sufficiency is most desirable, a satisfying answer is not at all easy, since

international commerce is based on lack of complete national self-sufficiency, and present-day intercourse between nations as we know it rests on this exchange of goods.

One nation may depend upon foreign supplies preeminently for foodstuffs, another may be deficient in fuel, and it is easy to see the advantage of exchange of products—for example, between England and Denmark. The dependence of a nation upon its neighbors or upon more distant countries may even express itself in a considerable variety of goods—foodstuffs, fibers, forest products, the mineral fuels, the metals, and various mineral raw materials.

In the following outline of theory and practice of national self-sufficiency, I shall refer chiefly to the mineral raw materials, for the obvious reason that I have had more contact with mineral resources than with other materials, but also because minerals can neither be made nor replaced by man's agency—they cannot be found or won unless they already exist, and once they are mined there is no renewal of supply. A lack of platinum ore or a worked-out phosphate deposit therefore presents a deficit quite different from a shortage in wool or wheat. Thus it is that minerals can in a special sense place limitations upon a nation's independence.

In both theory and practice the measure of a nation's material self-sufficiency changes as and because the times change. No demonstration is needed of the fact that the complex civilization makes more varied and larger demands for raw materials than the simpler society. We have only to compare the self-contained life of our colonial fathers and mothers on the frontiers with our present urban life, where a single day's stoppage of transportation begins a long chain of shortages in the necessities of life. In early days the communities in northern New England were self-sufficient in their fuel supply; now a coal strike in Pennsylvania subjects them to real hardship. Then a local supply of iron ore and charcoal provided the metal they needed, whereas now several distant states contribute the ore mixture and the coke that make their steel. Still another illustration: A century or more ago, potash from ashes was commonly produced in the newly settled parts of Maine and was one of the few exportable products of home industry, being sent down to tidewater by canoe or wagon;

now German mineral potash by the carload is shipped in to the potato fields in what was then untouched forest.

It is this ever-changing civilization of ours that makes hard-and-fast inventories of reserve supply and definite estimates of future demand impossible. Practice in such matters is fairly certain to discredit theory, and the way of the estimator is hard. For example, take petroleum: When resolved to something approaching common terms, the estimates of United States petroleum reserves made in the last twenty years have varied at the most only seventy-five per cent, but in the same period the annual rate of consumption has increased more than sixfold. Another item of uncertainty in estimates may be illustrated by copper: In 1900 the outlook for ore reserves was based on a requirement of five per cent metal content, but ten years later engineering advances brought into our reserves ore carrying only two per cent.

In making inventories of present and future reserves, facts of geographic distribution and of distance between centers of supply and demand are of prime importance. Mr. Schwab once referred to this "handicap of distance" and in the mineral industry this handicap has been the hundreds or even thousands of miles separating mine and market. Costs of transportation have to be reckoned with when we figure the availability of a specific deposit as a contributor to the nation's needs.

Our country happens to be of continental extent, with the result that trade between the states possesses a certain similarity to international trade on the Continent of Europe. For example, the movement of Minnesota iron ore to Pennsylvania furnaces and of Swedish ore to furnaces in the German Ruhr means in each case a journey of approximately one thousand miles and a comparable division between rail and water transport. The one outstanding and significant characteristic of these long-distance hauls of ore and coal and metals within the United States comes from the fact that our Constitution prevents the erection of any barriers to commerce "among the several states." The founders of the new nation saw the logical connection between political and economic union, and the interstate commerce clause was their wise recognition of the principle that no state can or should live unto itself.

The country's reserves of one or another mineral are commonly measured in tons, but the dollar mark of price becomes the unknown variable, the presence of which puts wide limits on the tonnage actually available. Those three short words "at a price" will ordinarily warrant the most optimistic estimates. Thus, with respect to most of the metals we may think of goodly reserves being made available by reasonable price increments, though for a few, such as platinum, nickel, and tin, which are very sparsely distributed in the rocks of the United States, this rule would almost certainly fail. On the other hand, with other metals a high price would make available large ore deposits of a grade far too low to be now utilized.

The true measure of any kind of reserve, however, is the rate of consumption. That rate reacts with and upon price, and it advances in response to inventions, whether of new methods of production or of new uses, and declines in response to the discovery or price-lowering of substitutes. Some, perhaps, of these interactions of price and use can be forecast: the use of lead in storage batteries could stand an increased price that would eliminate lead in paints. Or regarding the rivalry between aluminum and copper, for certain uses, interesting conjectures might be made.

In considering the ultimate limits of a nation's wealth in minerals, it is proper to distinguish between minerals that are dissipated or consumed in the using — as, for example, the fuels — and those of which we are accumulating a working capital — as, for example, iron and copper. Even the same metal may be consumed in different degrees: the copper trolley wire suffers an actual loss in use not shared by the copper transmission line not far away. A still greater contrast between the metal which is repeatedly reinvested in new uses and that which is used only once is afforded by the copper and brass used in building construction, practically all of which eventually returns to the furnace, and the brass wire used in making pins, which leaves the brass works by carloads and never reappears in the metal trade.

Adequacy of supply is a concept that eludes definite assertion; at least two variables enter into the equation when we attempt to translate our ideas of national reserves into years.



Even broad classifications of mineral raw materials in terms of international trade are subject to frequent amendment, as is shown by a comparison of such a list given by Professor Leith in 1918 with later lists prepared by a committee of which he was chairman. Yet these very changes have tended to perfect our theories relating to self-sufficiency.

The broadest classification of natural resources is that of energy resources and industry's raw materials, and it is by reason of its wealth in energy resources that the United States stands out among the nations—here we truly appear self-sufficient for a long future. Both in the quantity of power now used and in the energy stored up for future use the United States is preeminent. This abundance of mechanical energy, with which to lengthen and strengthen the arm of human labor, both increases the demand for industrial raw materials and increases our supply of metals, for instance, through reducing the mining and metallurgical costs. Herein lies the greatest stimulus to inventive genius, and the result is to make us not only greater consumers but greater producers. The net effect on our self-sufficiency in raw materials cannot be predicted.

It is this sufficiency in power that makes America's future seem bright. Careful distinction needs to be made between the adequacy of our water power, of our coal reserves, and of our supply of oil and gas, but together these sources of energy have made the people of the United States the greatest power users of the world—roughly we use ten horse power hours each week day for every man, woman, and child in the country—and yet there is a safe reserve for the future in the coal beds and the rivers of this broad land.

Our natural resources warrant this faith in the future of our national prosperity and progress, but our outlook should be broad enough to include the whole world. Past and present experience teaches us that the greater our industrial development the greater need will we find for foreign sources of raw materials and for foreign markets in which to sell our products. American consumption of raw materials, both for our own use and for export products, is already geared too high to disregard or disdain foreign sources. Exchange of commodities thus becomes more rather than less necessary, and



foreign trade is the essential adjunct to the highest development of our domestic industry.

The American corporation in its marketing program has sought to supply the world, even to the point of waging skilful campaigns for creating a demand for the American product, with the result that although the homesick American traveler may miss the vision of his well-beloved flag, rarely is he out of sight of some familiar trade-mark.

The open door in the market sense, as I understand it, means freedom to buy and sell in any country on equal terms with other non-nationals. Whether we can properly ask or expect equality with nationals depends upon our own practice—the test of the Golden Rule.

American labor with its unique endowment of power can be expected to hold its own in foreign markets. A favorable balance of trade, incidental to the exchange of manufactured goods for raw materials, provides new capital, a natural outlet for the use of which, at least in part, is foreign investment, especially in the development of raw-material sources. Indeed, it is essential that American capital take this course to insure the continued prosperity of the home enterprises in which American labor also has so large a stake. And rightly conducted, with the present-day policy of introducing American standards of sanitation along with American methods of mining, the entrance of the American corporation can greatly benefit frontier peoples in connection with the development of their resources. It may be debatable, at present, whether the wide-open door for such development should be regarded as a privilege or a right. The Golden Rule is but another name for reciprocity, and it absolutely determines the inherent equities in any claims we may make for the right to discover and develop the natural wealth in the territory of another nation. Whether or not we accept the doctrine that a Nature-endowed nation should regard itself as trustee rather than owner of its resources, we may see more and more clearly that the common interests in a growing trade tend to bind nations together, and that the ideal is to have the currents of international exchange flow wherever they are guided by the trade winds of supply and demand. Embargoes and export duties at present put some limits on free movement of raw materials, and among

the countries of the world the open door to the enterprise of others than nationals is far from universal.

The extraordinary demands of a war program awakened us from some of our dreams of self-sufficiency. Blockades and shipping shortages were the hard facts that demonstrated inadequate supplies of essentials, and incidentally we learned the radical difference between essential and non-essential uses of raw materials. In time of peace the practical advantages of foreign trade appear to offset the theoretical advantages of independence in raw materials. But when the possibility of war is entertained, at once national self-sufficiency in raw materials assumes largest importance. Any worthy program of preparedness against war must include the possession of reserves of every one of the essential raw materials, in the ground or in stock as the particular limitations of each may dictate. To find the facts and to face the facts, and then to act, is a national duty.

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## ECONOMIC RELATIONS BETWEEN RAW MATERIALS, PRICES AND STANDARDS OF LIVING: THEIR INTERNATIONAL EFFECT

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WHEN the angel of peace and plenty deposited her precious cargo upon this earth, the distribution of it was far from uniform. It is gradually becoming evident that peace and plenty may best be obtained by the interchange of essential commodities. Monopolies improperly administered engender reprisals, and their permanency is as impossible as is the permanency of any policy based on military might, upon which attention has largely been focused. Less importance has been ascribed to industrial might, notwithstanding its potential possibilities of defeating that ethical concord which we may term "justice."

Thousands of years have been spent in an effort to seek some measure of ethical concord between the peoples of a race. A famous English rabbi stated recently that whereas the Jews were unable to accept the Christ of Christianity, they might willingly accept the Christianity of Christ. By enlarging this principle to include the ethics of Confucius, Buddha, Mohammed, Moses, and Christ, regardless of leadership, we find an inherent sense of ethics common to all races and to all men which may constitute a basis for the interrelations between peoples as well as between individuals.

We may accept without controversy the feeling that the growing intimacy of peoples has been fostered by this inherent ethical concord and encouraged by communication and transportation. Nations have primarily developed ethical methods in dealing with their nationals collectively as evidenced by the great lawgivers from the dawn of history, but practical existence has prevented the full realization of these ethical hopes.

We may fairly assume that modern jurisprudence represents the present limits of realizing ethical ambition. Notwithstanding the underlying unity in national ethics, the expansion of these principles to an international basis has been in continuous conflict with national ambitions, national fears, and national policies.

It is singular that the experience of over a thousand years of chaos in Europe has left so slight an impression. Europe emerged only when isolation was broken down, the feudal baron suppressed and the realms of duke and prince merged into kingdom and empire. History, therefore, suggests the advantages of more intimate relationships and the need of some concrete form of international cooperation. This is now being hastened by the growing conviction that industrial might may develop antagonisms and conflicts just as unethical and fraught with just as much danger as conflicts for military supremacy.

National sovereignty is generally admitted and this admission carries the right of any nation to enact such measures as it may deem proper in order to engage in, protect, or expand its national industries regardless of the effect upon any other nation. The act of one nation may naturally force other nations to act in like manner. Such acts may be offensive, defensive, or altruistic, as circumstances may determine, but in the end they inevitably develop measures of retaliation. Practical jurisprudence has, in general, recognized a difference between offensive and defensive, but when governments grant themselves immunity and their national sovereignty is unquestioned, the responsibility for provoking industrial strife is evaded.

If government were to endeavor to ascertain the effect produced upon other nationals by contemplated government measures, the possibilities of industrial strife would be greatly diminished. Governmental forethought of this kind, however, is so rare as to be almost non-existent. We may well ask how such an international situation could possibly have arisen when it is self-evident that the growing consumption of world's goods coupled with the unequal distribution of fundamental raw materials must inevitably lead to competitive conflict. In general, these resources have not been administered by gov-

ernment. The world war forced the various governments to become parties to the development and administration of a great many of these resources. This action definitely crystallized the possibilities of governmental cooperation with industry, not only resulting in increased revenues, but increasing the industrial might of government.

Immunity of government has revived the privileges of ancient feudalism. The feudal baron was essentially a product of isolation and not subject to any particular ethical regulations. He could grant himself immunity from the consequences of his acts. This policy of isolation did not, however, perish when he was suppressed. It has endured and is not confined alone to international dealings, for there is abundant evidence of the practice of isolation reflected in inaugurating national policies based upon isolated or uncorrelated facts. The isolationist, always a specialist, bases his acts on uncorrelated facts as opposed to the scientist who deals with correlated knowledge. Our own nation provides typical examples. One of our isolationists wants to diminish the inbound traffic to this country; another isolationist wants to raise the cost of production which results in a decrease in outbound traffic; a third wants to handle the traffic, but finding a diminished traffic as a result of the efforts of the first two, wants to collect a revenue from the traffic which does not move so that he may be able to transport the traffic which does move. He calls this a subsidy.

The views of the isolationist may be tolerated in his own nation since his countrymen are either too much influenced by ulterior motives or too simple-minded to protest against his policy, but it does not follow that the people of other nations will fail to recognize the motives, or have the same simplicity.

If national sovereignty continues to violate principles of international justice, or adopts a policy of isolation, there must always exist an atmosphere of futility surrounding any international conference.

International barter and trade have existed since the flood, and accepted rules of conduct were developed. The injection of government, with its ambitions of greed and avarice and the sword as the unit of value, has interfered with what might otherwise have been a normal development.

Governments are concerning themselves more and more with matters of trade barriers, with sovereign power to regulate, suppress or prohibit; but with a self-granted immunity from consequence, and assuming no responsibility. Self-granted immunity, however, does not eliminate consequences, and man's fear of consequences is more deep-rooted than his fear of God, if only for the reason that the results are more immediate.

Our own nation is now trying a huge experiment of simultaneously restricting the importation of men and materials for the altruistic purpose of raising the standards of living. This purpose is ethical in the highest sense, but is also a development of war conditions. Our old economic friend, the law of supply and demand, suspended animation under war conditions, when there was a huge demand and a limited supply. Why not perpetuate this idea — shut off supply, up goes demand; and there you are! It should be noted, however, that the standards of living of the world are not included in this program. Our altruism applies to our nationals only.

The economist may gasp a little and wonder whether the standards of living are not interconnected with prices of commodities, and therefore with international money values, and if so, whether government fiat can be maintained. He has heard something of fiat money, and wonders if it can be measured in international units, for he has failed to develop an abiding faith in units of political fear or political ambition. Political units are not correlated internationally and therefore are difficult to measure in equivalents.

Some interesting sociological as well as economic features are included in this attempt to elevate standards by a sudden jerk rather than by an orderly process in keeping with the principles of evolution. Are the standards of living of all workers to be raised? Does it apply alike to the agriculturist; to the brain-worker, and to that great class which cannot respond to a demand for immediate increase of output per man? What are the effects of raising the standards of living? Are we to assume that income is raised and prices remain unaffected? Or are prices to be raised simultaneously with income? If an increased cost of production is not to be reflected in an increased price, it would seem necessary to look



to science and invention for an increased output per man in order to compensate. That part of industry which cannot respond to an increased output per man will naturally face an increased cost of production. Is there any relation between output and its market? Does a resort to mass production to diminish the cost per unit mean that markets automatically absorb this increased production? Surely, the growth of advertising and installment buying indicate the contrary and few will dispute that limitations of mass production are reached in a saturated market. Must excess output seek international markets, and is this in keeping with the principle of isolation? If we seek international markets, we must use international units of value and the fiat of government terminates at the national boundary.

Let us consider how universal this rise in standards of living is to be. Domestic labor will gravitate to industries that can pay higher wages. Only the inefficient and defective remain. The agriculturist realizes that standards of living are being reflected in the things he buys. When industry raises the price of labor and attracts labor away from the farm, the farmer, facing a turnover controlled by seasons, and expenditures continually increasing, finds his market definitely related to population and therefore restricted. Further, appetites for luxury seem to multiply more rapidly than appetites for the necessities of life, while still another uncorrelated ethical experiment has affected the consumption of his corn, barley, and rye. Shall he, too, seek international markets for his surplus? Must he curtail production, resort to international "dumping", or abandon the unprofitable farm?

If we consider the sociological effects of this raising of standards of living, it is increasingly evident that they do not apply equally to all. As domestic service becomes more unsatisfactory, gregarious habits of living must follow and the individual home be limited to a size capable of being operated by the family unit. If infancy and childhood continue to lack caretakers, children must become wards of the state, or parentage be restricted. We should not be too critical of these sociological influences, for any final measure of beneficence is determined by the effect on general welfare.

We cannot deal too literally with standards of living — as

though they were measurable quantities which would grade 100% for a cosmopolite and 0% for a Trappist monk. This would be a materialistic rating. From a spiritual standpoint, however, the ratings might easily be reversed. Industrially, at least, there exists a relation between raw materials, prices, and standards of living.

Other nations may take advantage of invention and the teachings of science; for our angel of peace and plenty did not confine these gifts to one nation; they belong to humanity and are the heritage of intelligence and culture. We then face the situation where equality of methods may exist, but with an inequality in the price of man-power. This again points to the necessity of international cooperation. The isolationist is no longer the possessor of an oasis in a desert, for the shifting sands may bury his oasis and he becomes a part of the desert once more.

But, say certain thinkers:

This situation cannot arise because the raising of standards of living is a great ethical principle founded upon the most fundamental belief of evolution—the necessity to survive. Necessity forces management to adopt labor-saving devices; it is not optional. Labor has begun to appreciate and must ultimately accept the principle that it is not hours of work but quality and output that count, with individual skill and efficiency rewarded. Man-power is precious and must not be wasted. The international situation will not reach an equilibrium by dragging down progress, but by uplifting it. It is right to insist on compulsory education and the control of child labor, for this means diminishing illiteracy and developing intelligence, the value of man-power being increased thereby. Mass production can be successfully applied only by intelligence utilizing science and invention, and hence intelligence, and not units of masses of men, becomes the unit of measurement of success. Density of population never has been a measure of progress and cannot be considered more than a symptom of our animal origin, a relic of the days of low intelligence when pestilence and famine, scourge and flood, were attributed to the wrath of God, the only means of meeting these devastating losses being to beget more victims. Intelligence demands higher standards of living, and only intelligence can produce them. The fittest only survive. Men may be equal, but not in intelligence.

Have these advocates failed to remember that stern necessity is the taskmaster, and that the weak, the maimed and the misguided have found no place? If ethical teachings are to persist, must not society in general assume obligations? All labor must have a minimum living wage and if the standards of

living are raised to a point where many cannot deliver an equivalent value, society must take steps to protect itself or necessity will develop methods of making an easy living without delivering this value. Under such conditions, crime and speculative chance are encouraged.

Foundations are not necessary in our present-day castles of isolation built by popular fancy. This same popular fancy is prone to dwell on Washington's dictum to his countrymen so often quoted with regard to foreign entanglements. Does popular fancy stop to think of what Washington practised? Even he, expediency dictating, resorted to international co-operation when the aid of France was solicited and accepted.

Events are moving rapidly. To feed the maw of this monster of mass production, the world's materials must be available in ever-increasing quantity. As soon as an isolated nation reaches a point where its own materials no longer meet its rate of consumption, it becomes dependent. It must develop substitutes or the national boundary will limit supply. Nations with the available materials have at once the power to determine what the mass production of their less fortunate neighbors shall be and may exact an exorbitant price, possibly by way of retaliation for restrictions in the past.

The situation to-day in certain raw materials is illustrated by rubber, where, consuming some 70% of the world's output, we produce practically none and control in foreign countries less than 5%; newspaper print, where we produce 50% and import 50%; petroleum, where, producing 70% of the world's supply, we are importing some 10%. There is an ever-growing list of these materials, and if we consume them regardless of their origin and continue our policy of isolation, the possibilities of retaliation become immediate.<sup>1</sup>

[I have mentioned three raw materials, as they typify three conditions—one in which we consume a large proportion of the world's supply and produce practically none; another in which we produce about one half of what we consume; and

<sup>1</sup> The following paragraphs, here enclosed in brackets, were interpolated by Mr. Summers as extemporaneous remarks, at this point in his paper, and are reproduced here because of the great interest which they aroused on the part of the audience.—Ed.

the third in which we produce a large proportion of the world's supply and yet import about 10%.

At the risk of overstaying my time and your patience, I should like to comment a moment on the international effect of these percentages.

Our distinguished chairman of this evening as chairman of the Price Fixing Board during the war, spent a great deal of time with others on the question of what percentage of a material dominated the price and how this percentage, often a small one, and usually that of an inefficient producer, could be handled. We commonly called this letting the "tail wag the dog." It is illustrated for instance by my war colleague, M. Loucheur, when he states that the 30 million bushels of wheat which France is forced to import fixes the price of the 325 million bushels of wheat which France produces. It is interesting to note that this 30 million bushels of wheat is only a part of the export surplus of Canada and the United States, and the price of this 30 million bushels of wheat is largely dominated by Chicago quotations. You will note that the Winnipeg quotations and the Chicago quotations differ by only a few cents, being in general the same. It has been estimated that the cost of producing a bushel of wheat in Canada is 80 to 85 cents, while it is \$1.30 to \$1.35 in America, and yet the Winnipeg quotation reflects the American cost of production and not the Canadian cost.

With our high standards of living and high price of commodities which our wage rate supports, we are not affected; but when the French farmer can get this high price of the high-cost producer, he is in a very prosperous condition. He does not recognize the financial situation of France nor is he gravely concerned about the problems of balancing the budget. His prosperity is an excuse for his indifference notwithstanding his national patriotism. When we cross the Channel into England and visualize the strike condition now existing, we see the miners offered a 14 or 15 per cent advance on their 1914 wage; that is, a wage of 114 to 115 per cent; but the commodity index of Great Britain is 165 to 170, and this wage rate is therefore inadequate to provide the necessities of life. In general, the farm products reflect indirectly the world prices of wheat and therefore even the meat prices are cor-

respondingly raised as the food fed to live stock in a great measure determines the price of meat. Further, the price of leather is affected very directly by the price of meat, so that in general, in Europe the costs of the necessities of life are reflecting the prosperity of America, but neither their industries nor their wages are directly sharing in this prosperity.] <sup>1</sup>

<sup>1</sup> Immediately following this address, the writer was challenged by a number of very able economists who held he was indulging in fantasy and violating the laws of economics. They stated the 30 million bushels of wheat which France imported did not fix the price of wheat in France any more than the 325 million bushels which France produced; that it was the total world's supply and the total world demand that fixed the international price of wheat and that the international market was at Liverpool and not in Chicago or Winnipeg.

A number of spirited arguments were indulged in and I told my critics that they have never known what the world's supply and the world's demand for any year has been. The incomplete figures they collect are secured from twelve to twenty-four months after the wheat has been consumed for that particular year. I beg to challenge the economists in thus rigidly applying the law of supply and demand for in a large number of cases they neglect the element of time. Time enters specifically into the application of the law of supply and demand. One may call this a relativity because it is the relation of the flow of supply to the current demand. My critics' attention is called to the fact that Liverpool does not fix the world prices; it simply reflects the world prices and the world movements of wheat. The deliveries and settlements of the grain exchanges are on a monthly basis and the actual quotations change weekly, daily, and hourly. I compare such economic arguments with the following analogy. All will agree that rainfall is the source of supply of water power. But to hold that this directly controls the supply of power is an obvious fallacy, neglecting other important factors. The engineer must know the height of the dam and the reservoirs that are available to equalize the flow. The levers that control these reservoirs are like the levers that the large grain dealers control. The vast elevator systems of America and Canada are built for the purpose of controlling the flow as well as for storing the supply. The grain dealers must have daily information concerning the visible supply, the cargoes afloat and the arrivals. It is this rate of flow, with the power to augment or diminish it, which affects the world's prices. The mere fact that the American Government has seen fit to interfere with the trading of grain on the Chicago market and in general the blind idea that short selling and large market operations are wrong has detracted from the importance of the Chicago Board of Trade and made Winnipeg the free grain market and therefore the greatest primary market in the world. *Economic dementia* simply causes economic centers to migrate. It does not exterminate them.

As opposed to these efforts to regulate the grain market, it is interesting to point to the Canadian Government's licensing of elevators and fixing



We cannot fail to observe that the efforts this nation has made to follow a policy of isolation in the restrictions it imposes have already uncovered serious weaknesses — first, because it must negotiate beyond its own borders for essential raw materials; second, because it must go beyond its own borders to market its excess production. Therefore, both in the beginning and in the ending of this policy there appears to be a limit. We have constructed a building, but the foundation appears to be cracking and the roof leaks. We may continue to jazz, but only in parts of the building.

Is there a remedy? It would seem that careful diagnosis of the disease is essential lest some cure may prove only a nostrum. Trade has adjusted its difficulties in the past by means of bargaining. If a rubber grower, for instance, realizes the value of his product which a consumer requires, he has the right to set the price. Is one government to erect trade barriers protecting a wage rate of \$5.00 per day, and deny another government the right to erect compensating barriers, and insist, for instance, that their wages remain at 20 cents per day? It may be claimed that their standards of living are not equal, or that the intelligence of their workers does not warrant an increased rate. This may be true. But we are talking now about one nation assuming a right and denying the same right to another nation. Trade would attempt to solve this difficulty by finding out what the rubber grower

prices for handling and storage, in an effort to make freedom of opportunity, rather than to suppress the freedom of operation when the world situation is in a constant state of flux. I am free to admit that with the return of Russia and Roumania as producers of an exportable surplus of wheat, the world's market will not respond as readily to the levers operated at Chicago and Winnipeg. My critics must bear in mind that demand itself is a variable and is modified by the use of substitutes and when the huge crop of Russia's rye appears on the world's consuming market, another important element in the demand for wheat will again be at work. Just as the substitutes for wheat affect the demand, so the amount of wheat used on the farm for seeding and what is known as the seasonal carry-over, affects the supply; so, of the total crop some 25% never appears on the world's markets. In cases of grave shortage, some of this is coaxed into the world market, but it is these factors affecting both the supply and demand and the impossibility of getting any accurate figures from Russia, China and India which have made it impossible to secure correct figures on the world's total supply or the world's total consumption.



wanted which was difficult for him to obtain. We might trade him containers for his rubber sap or assist him in developing his resources. This might satisfy him, but his government steps in and seeks compensation. Our sap containers may not interest his government. Furthermore, it may not desire alien interests to share potential possibilities, and may desire payments in political units of value. A rubber consumer, however, cannot purchase these political units for purposes of exchange, as this involves the question of bribery. He soon realizes that in dealing with governments, he faces new obstacles. Shall governments adopt the methods of trade and inaugurate a system of bartering? Trade one barrier against another? We must admit the necessity for barriers, whether used to produce revenue or to equalize conditions. The erection of barriers by government ostensibly for the purpose of creating equality often develops inequality by intensifying some natural advantage carrying inherent political possibilities. Governments, as trustees for their people, dare not freely trade in international political possibilities. Ethics and politics are poor bedfellows. Politics shift. Ethics remain.

Justice, more enduring than politics, has introduced reciprocity into international dealings. Reciprocity did not contemplate the reciprocal raising of one barrier to meet another, nor did it contemplate any nation imposing a barrier on commodities not advantageously produced by it, which might seriously affect the welfare of a nation producing them. Rather, reciprocity involves the acceptance of some commodities from nations better qualified to produce them. Reciprocity involves an interchange of selected man-power wherever of mutual benefit. In general, reciprocity contemplates an international correlation of restrictions recognizing that the injuries inflicted require as much consideration as the advantages obtained.

Two courses are definitely indicated—one leading to isolation; the other to international cooperation. The one confines distribution largely to national boundaries and depends upon available raw materials or the production of substitutes. The other contemplates a world market and points to methods which will develop and distribute world materials equitably.

All ships of commerce sail the seas unmolested and unrestrained. Sovereignty and dominion formerly exercised have

now ceased to exist. Gone also are piracy and the fear of might. Dimly we recognize and vaguely we realize an international awakening where, without coercion, might is displaced by voluntary acceptance. In that day of voluntary acceptance, which also means voluntary relinquishment, we place our hope, for it is the day of international justice. We cannot ignore Ethics; or Justice, its offspring; one, the mother of civilization, the other, its sole defender.

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## ECONOMIC AND POLITICAL EFFECTS OF GOVERNMENTAL INTERFERENCE WITH THE FREE INTERNATIONAL MOVEMENT OF RAW MATERIALS

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**A**S a background for a discussion of the principles involved in governmental interference with trade in raw materials, it is worth while to present the salient facts with regard to three typical commodities as to which governments are, in fact, at the present time engaging in such interference. We shall take as examples rubber, coffee and nitrates.

The enormous increase in the world demand for rubber, due primarily to the development of the automobile, is familiar to all. World production increased from about 80,000 tons in 1910 to more than 500,000 tons in 1925, and imports into the United States increased from 40,000 tons to 397,000 tons. Consumption in this country during recent years has represented approximately seven-tenths of the total world consumption. Formerly rubber was chiefly obtained from wild trees, largely in Brazil and other tropical American countries. Plantation production, chiefly in southeastern Asia, began on a large scale just before the World War, and is now the dominant factor. Costs of plantation rubber are far lower than those of wild rubber, which explains the fact that during most recent years, until the great advance in 1925, prices have been much lower than before the war.

A dominant proportion of the world's rubber is at present produced in British Asiatic territory, principally Malaya and Ceylon. From 1918 to 1920 output in this British territory was almost three-fourths of the total of plantation rubber, but the proportion has since fallen, and was about 57% in 1925, while the plantation rubber in that year represented about 93% of all rubber produced. The area planted in this region had

increased immensely during the war, throughout which and for two years following high profits were realized. For a single year only, 1921, following the lapse of the post-war boom, United States imports of rubber fell off sharply and the average import value per pound, which had been 43 cents in 1920, fell to 18 cents in 1921. More trees meanwhile were coming to bearing age. Large stocks were accumulated so that although imports rose again greatly in 1922 and much exceeded even post-war boom records, the price was still relatively low. It should have been easy to foresee that United States consumption would continue to increase rapidly and to catch up with productive capacity, but the planters in the British colonies were unwilling to wait for the recovery of the market through normal causes, and a scheme for restricting exports of crude rubber was devised. This became effective November 1, 1922, with the announced intention of maintaining a price of 36 cents per pound (18 pence, London) which was declared to be fair. A "standard production" was fixed, each plantation being given a definite quota, and the percentage of standard production that could be exported (save by the payment of a prohibitive tax) was fixed from time to time according as the price of rubber should fluctuate above or below 30 cents. At the beginning of 1925 the average price in New York was a little over 36 cents per pound, and the percentage of exportation allowed as compared with the standard was only fifty. "Standard production" had been increased somewhat since the initiation of the scheme to take care of the new trees, previously planted, which came into bearing.

As a result of these restrictions in the face of steadily rising demand, the stocks which had been accumulated in London were rapidly reduced: from 72,000 tons at the end of 1922 they reached 29,500 tons at the end of 1924 and only 6,000 tons at the end of 1925. Stocks in America also fell off, though not so greatly. Manufacturers of rubber products, fearing a shortage, scrambled to get supplies. Advantage of the situation was taken by speculators. A runaway market resulted and in the short space of seven months the New York price nearly trebled, averaging \$1.03 for July with a maximum on one day of \$1.21. Of course, the permissible quotas

of exportation were raised, but as the plan contemplated changes only once a quarter the quota was still below standard production, namely, 85%, at the close of 1925, and only in February, 1926, was it raised to 100%.

Rubber imports into the United States in 1925 cost us \$430,000,000, or about \$200,000,000 more than they would have cost at 1924 prices. Had the levels attained during the last half of the year continued through 1926, we should have had to pay several hundred millions more this year. In February rubber imports were valued at over \$70,000,000.

Active agitation in the United States against these exorbitant prices, in which the Department of Commerce took an important part, resulted in curtailment of tire consumption and ultimately, after the expiration of contracts previously placed, in a reduction of imports. The result was a fall in the price of rubber quite as rapid as the advance, although by no means reaching so low a figure as at the start, the prices now ranging between 40 and 50 cents per pound.

Although not a few voices in Great Britain itself have been raised in protest against the continuation of the restriction scheme, it is still in effect. The so-called standard production has been and is considerably less than the actual capacity for production of the British territories, but the exports are still limited to the standard production, and as of May 1st, 1926, a new step was taken aiming even more effectively to maintain prices. It is provided that should the London price of rubber fall below 1 shilling 9 pence (about 42 cents) the exportable quota shall be reduced by 20%, and there is no arrangement for increasing the quota above the "standard production," no matter how high prices may go.

Coffee differs from rubber in that the demand increases only gradually. World production is in the neighborhood of 2,700,000,000 pounds annually, of which Brazil produces about two-thirds and the United States consumes about half. On the average for the last three years the United States has taken about 55% of all Brazilian exports of coffee.

At three different times, about 1908-1909, again in 1918 and again in 1921, the State of Sao Paulo, backed by the central government of Brazil, has bought up coffee at times of

relatively low prices and held it off the market. Since that time the Brazilian authorities have maintained the policy of limiting the quantity of coffee which can move to the ports and thus be exported. It is impossible to trace any such spectacular effects on prices as in the case of rubber, particularly because control in one form or another has been exercised over such a long period of time. It is noteworthy, however, that during each of the last four years the average value per pound of coffee imported into the United States has risen. For 1921 it was about 10½ cents and for 1925 over 22 cents. Coffee shows much greater advance over pre-war years than most commodities; the average import value from 1906 to 1915 was less than 10 cents.

Chilean nitrate is a natural monopoly subject only to the competition of modern nitrate fixation from the air. Practically no nitrate is used in Chile itself. The United States takes nearly half of the Chilean exports, paying in the neighborhood of \$50,000,000 annually. There is an association of the producers embracing all except two companies owned by United States capital. The Chilean Government is a party to the association, having four of the eighteen directors. Output is limited and quotas fixed for each producer. Control of this sort has been practised in one form or another for a long time so that it is impossible to trace through price changes the effects on trade. The Chilean Government imposes an export tax of about \$12.50 per long ton, which adds about one third or one fourth to the selling price. A recent expert investigation by the Department of Commerce indicated that, apart from the export tax, the present price of Chilean nitrates, held down somewhat by competition of artificial nitrogenous products, is not very much above cost of production with reasonable profit to the less efficient producers, but there is reason to believe that the more efficient can produce at a decidedly lower figure.

With these facts before us, and bearing in mind that there are a number of other similar controls of exports of raw materials and a manifest disposition to extend them, let us consider the ethics of such policies and their political and economic effects.



In the first place, it should be noted that we are discussing governmental controls of exportation, not those resulting from purely private combination or association. However indefensible and dangerous may be, at least in some cases, private organizations for controlling domestic and export supplies and prices, they are much less likely to cause grave abuse than when the government steps in. Private organizations are limited by the fear of the secession of their own members or of the entrance of new competitors in the country itself, but governments with their sovereign power are subject to no such brake. Moreover, governments work more ponderously and awkwardly and usually more unintelligently. Their measures may lead to unanticipated and unsought-for results, and the machinery cannot readily and promptly be adjusted to prevent or cure these. The British colonial authorities probably would have preferred to see less vertical advances in rubber prices as a result of their control.

In the second place, the controls which we are discussing go far beyond any mere desire of governments to collect legitimate revenues. There may be exceptional cases in which a government is justified in levying an export tax as the most workable method of obtaining revenue from a given industry. There may be, at least in some cases, no very great difference, in effect on the outside consumer, between a tax on exportation of some commodity of which the local consumption is small, and a tax on the profit of concerns engaged in producing that commodity. A reasonable export tax, however, for revenue purposes is a very different thing from an exorbitant one, or from a tax or any restrictive measure which aims not at government revenue but at boosting prices for the benefit of producers.

Again, governmental controls of raw materials which are at present attracting attention are by no means designed to conserve limited natural resources for the benefit of the people of the home country. No doubt there may be cases in which, to prevent unduly rapid depletion of mineral resources or of virgin forests, a government may be justified in restricting output; though in that case it ought obviously either to hold down prices to domestic and foreign consumers or to take the excess above a competitive price for the general treasury,

rather than to permit excessive profits for producers. While perhaps the highest ethics would demand in such a case that the outside world should be given a share proportionate to its needs out of the restricted production, there is a good deal to be said even from the ethical standpoint in justification of the right of the people of a given country to consider its natural resources as primarily for their own benefit. In the cases at present attracting attention, however, we have to do either with agricultural products in which there is no question of depleting natural resources, or with a product, such as nitrate, which is in little demand in the home country itself.

Finally, it seems to me that a clear distinction may be drawn as respects ethical and economic aspects between government controls of exportation and protective tariffs restricting importation. Whatever one may think of the effects of a given tariff system upon the well-being of the people of the country maintaining it, the foreigner has far less ground to complain of such measures than of restrictions upon exportation of raw materials and the fixing of their prices. If a protective tariff in fact builds up the industries and promotes the national welfare of the country imposing it, the outside world, considered as an aggregate, can scarcely fail to profit. In that case, the country by its greater buying power becomes a better market, not of course for the products subject to high tariffs, but for other classes of products, especially raw materials. Countries producing these gain. I have no occasion here to discuss the tariff question but it is clear that it is an entirely different question from that of governmental control of exports.

With these distinctions thus drawn, the question still remains as to the working of these restrictive policies with regard to exports.

Experience confirms what reasoning would lead us to expect, that government control of raw materials is likely to lead to very serious abuses and injustices. If it succeeds temporarily or permanently in raising prices above a fair cost of production by the more efficient concerns, it works obvious injustice to consumers of other countries. There is a great difference in moral principle between measures which seek to promote the welfare of the people of a country with no deliberate intention of injuring other people (even though inci-

dentally some little damage may result here and there to others), and measures which aim directly to exploit the foreigner. The injury has wider repercussions than are obvious on the surface. If country "A" by its action injures the consumers of country "B", it also indirectly does damage to producers of other commodities in still other countries whose well-being depends upon their trade with country "B". There is danger too of competition in the business of "spoiling the Egyptians," to say nothing of reprisals by the Egyptians. If all over the world countries engage in a scramble, the one to exploit the other, there is simply no limit to the economic harm which is bound to result, as well as no end to the ill-feeling and friction.

Government restrictions on exportation of basic materials are all too likely to go farther in boosting prices than originally contemplated. No doubt in some cases these policies have been initiated under strong pressure, where abnormal conditions had brought prices temporarily to an unreasonably low level. There was a powerful temptation not to wait for things to adjust themselves through recovery and growth of demand or through elimination of an undue number of producers by competitive processes, but to devise some means of immediate relief. No doubt most of those favoring such plans have contemplated at the outset only such a moderate advance in prices as would prevent loss. But once such a policy is entered upon and some success achieved in advancing prices, producers and government authorities are all too likely to become greedy and to push the limitation of output and the advance in prices to wholly inordinate lengths. The sweets of power once tasted, the appetite grows apace.

It must be borne in mind too that the producer of a basic raw material is not dealing directly with the final consumer, or even, ordinarily, with the manufacturer. It passes through the hands of middlemen. Where normal laws of supply are abrogated so that the course of prices cannot be forecast, speculation is bound to become rife. Under the influence of excitement and uncertainty prices may jump far higher than even the restricted supplies available justify in relation to demand. The advance in prices may by no means all go to the producer; the greater fraction may redound to the benefit of the fortunate speculators. There is no doubt that such was

the case in connection with the recent astonishing advance in rubber prices.

Government control of supplies of commodities is likely to lead to heavy fluctuations in prices. A runaway market is almost sure to react violently. It is bad enough for legitimate dealers and manufacturers handling or using a given raw material to have to guess at the changes in supply and demand due to normal causes, without having to guess at what governments may do—governments of producing countries and of consuming countries alike—or as to how prices will react to these abnormal interferences with supply and demand. The risks of doing business are enormously increased under these circumstances. In the case of rubber, for example, it is necessary for manufacturers to buy their supplies long in advance of the sale of finished products. If prices of raw rubber rise sharply, the manufacturer is likely to be criticized if he at once puts up the prices of tires and other finished products into which is entering rubber bought some months before at lower levels. But if he fails to do so with sufficient promptness, he stands to be caught in heavy losses later on if raw material takes a tumble, since public opinion and competition of other manufacturers are almost sure to force rapid reductions in the prices of finished products. In other words, violent fluctuations of crude rubber prices involve very grave risks to rubber manufacturers and legitimate dealers.

Apart from the injury to the interests of other countries which tends to result from government interference in the exportation of raw materials, there is in many, if not in most cases, a probability that the country undertaking such measures will ultimately find its own well-being harmed.

In the first place, it is likely in the long run to lose, relatively and perhaps absolutely, in volume of business. If the controlling country has no absolute monopoly, the restriction of export and the boosting of prices furnishes a powerful incentive to the development of competitive production in other countries. This may readily go so far as ultimately to break down all possibility of control by any single country or group of politically affiliated countries, and to leave their producers with but a small share of the world market. It is noteworthy that production of plantation rubber has increased far more rapidly in non-British than in British territory during the years

since restriction was begun. The British share of total plantation rubber output in 1922 was 72%, in 1925, 57%. Output in the Dutch East Indies had increased more than 85% during this period. The great advance in rubber prices in 1925 even stimulated wild rubber production in Brazil, although wild rubber cannot hope to compete with plantation rubber when prices are moderate. There are large areas in the world where rubber can be produced, and while it takes some years to get it under way, it is obvious that continued high prices would be bound gradually to bring such areas into competitive use.

Moreover, extortionate prices cut down demand, and it is impossible to foresee how much in any given case this reduction may become, especially when national feeling is brought into play as well as purely economic forces. Reference has already been made to the manner in which American consumers of rubber met the situation during recent months. Encouraged by exhortations and suggestions as to methods from organizations of manufacturers of rubber and of automobiles, and from the Department of Commerce, automobilists cut down sharply their demand for tires, using their tires more carefully, repairing instead of scrapping them, making them last longer. From October, 1925, to March, 1926, it is estimated that sales of automobile casings by dealers were about 25% less than during the corresponding period the year before. The quantity of crude rubber used for manufacturing tire-repair materials increased from 2,908 tons in 1924 to 4,319 tons in 1925, and during the last quarter of 1925 the consumption for this purpose was more than 70% greater than in the corresponding period of 1924. There was also a powerful impetus to the reclaiming of old rubber. Shipments of reclaimed rubber by American plants were 55% greater in 1925 than in 1924, and during the first quarter of 1926 more than one fourth greater than during the corresponding period of 1925.

Over-grasping boosting of prices of raw materials also puts the world on its mettle to find substitutes, and in this modern day of rapid progress in physics and chemistry, there is no knowing what may be brought forth to put out of business the producers of present commodities.

Finally, to my mind the most fundamental objection of all against the policy of restricting exports of raw materials—an



objection both from the standpoint of the outside world and from the standpoint of the country maintaining the restrictions—lies in its tendency to check progress in efficiency of production. It is a damper to enterprise and to ambition. The great merit of competition in industry is that it eliminates the unfit and lets the fit survive and grow. It not only permits progress but tends to compel it. Even a private combination of producers, aiming to restrict output and prices, is likely within itself to give some chance for the more efficient producer to get a bigger share of the business as time goes on. With a government control of output, all is different. Subject to the political influence of producers—an actual majority of whom are often more or less inefficient while only a smaller number can produce at reasonable cost and can make progress in methods—the government tends to perpetuate the inefficient and hold down the efficient. It must give quotas for production or exportation to the high-cost producers at the margin, and in order to do so must restrict the quotas of the low-cost producers. There is no politically feasible way of eliminating the incompetent, and consequently no way of giving adequate incentive to the more competent to improve their methods. Nothing can be more stultifying to progress in industry than government interference with the expansion of the fit. If the world is to move forward it must be free from swaddling bands of this sort.

This is far from being an ideal world. It is vain to hope that in the near future the political and economic relations among countries will become altogether amicable. The lion will not lie down with the lamb, to say nothing of the elephant or the bear. But the people and the statesmen of the various nations of the world do have it largely in their power to refrain from adding to the causes of friction among them as well as gradually to wipe out some of the present causes of friction. There is grave danger that further extension of the recent tendency toward the establishment of government controls of exportation of raw material will go contrary to all the hopes and aims of those who are seeking world peace, economic and political. Discriminatory measures breed retaliation, and interferences with the normal laws of economics tend, once started, to pile up like a rolling snowball and to pile up at the same time international ill will.



## THE CONCENTRATION OF POPULATION AND THE DISTRIBUTION OF RAW MATERIALS

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THE importance of raw materials in modern life may be brought out in a number of ways. Suppose that we take for our first illustration the significance of the subject to the modern city. Approach a non-industrial town on the fringe of settlement and even though it contain but ten thousand people it makes a rather impressive sight. Such a town, for example, is Copiapó in Chile. Riding toward it from the adjacent hills by mule trail one sees it spread out widely through a fertile valley giving the appearance at a distance of a powerful city. A closer inspection shows it to be a one-story town. Very few buildings in it have two stories and I believe there are none that have three. Compare the population with that of a crowded city block in New York and its impressiveness is gone if one is thinking in terms of world trade and international relations.

It is worth our while to ask what New York City would be if we spread it out in the same fashion as Copiapó; that is, if we distributed the population in one-story houses. We find that New York City would fill about half of the state of Connecticut. If we go farther and spread out the city so as to put small gardens between the houses and thus give its population the same *spread* as that of Copiapó we find that it would take about eight thousand to ten thousand square miles of area and possibly twelve thousand square miles; that is, an area as great as that of the state of Maryland or of New Jersey.

I was interested in reading the other day in a paper by Chisholm, an economic geographer, that someone has recently made a similar calculation for the city of London and finds that it would fill an area about seventy-five miles in diameter. The figure I have given you for New York City spread out in that way is from sixty-five to seventy miles in diameter.

Now just as soon as you begin to take hold of the idea of

a city spread out as a one-story town with gardens in between—only tiny gardens at that—and appreciate its enormous expanse, you discover how impossible is such a city. It just won't work at all, because you can't bring machinery to bear upon it, to run its life, to make it work smoothly, to make it do its business. The distances that you have to travel are too great; distribution is too costly and the number of miles of street car lines, telephone lines, etc., that you have to put into such a town in order to give it the facilities of trade would be absolutely beyond any economic possibility. So you could not possibly have a city like New York functioning except by concentrating its population. It could not exist if it had to live spread out like Copiapó.

To put the conclusion in another way, we may say that what New York City offers to the United States in the way of facilities and power as a modern commercial center it is able to do because it is concentrated, in population, in wealth, in power. It seems to me that this is a point of view worth keeping in mind when we deplore the concentration of population in cities and point out the advantages of a more scattered distribution. It is no doubt true that a certain amount of decentralization would be an improvement, but the process is a slow and difficult one, because the modern city is an organism of rather definite character to which we have become accustomed. We know how it operates; we know what we can do with it to serve the ends of manufacturing, of commerce, and so on.

It is just here that the subject of raw materials is interesting to us not only from the standpoint of city living but from the standpoint of national and international living. If it is true that the city is an organism with definite characteristics and functions, then it is vitally true that food and other raw materials upon whose supply the industrialized city depends are worthy subjects of intensive study.

It is not my purpose to discuss the details of any one of the raw materials of commerce but only to present some broad aspects of the subject that may be of interest to you and that may serve to stimulate discussion later in the session. To take a standard of importance, suppose we look at those raw materials each of which may be measured in terms of a billion dollars or more of total world movement. We can agree that

these materials must have a dominating effect upon organized city and national life to-day. The moment we do this we arrive at some very interesting facts concerning the fabric and, as one might call it, the geography of civilization. The list includes: wheat, oats, sugar, rice, potatoes, cotton, iron, coal, and petroleum. That is substantially the list, and if you group the items you will find they consist of food, fuel and clothing and the iron that is needed in this industrial civilization. Just as soon as you step outside of that very short list you take in general a marked drop down to the half-billion and the quarter-billion and to the hundred-million list.

Now, it is a striking fact that the greatest production of those things that are in the billion-dollar class, as a rule, with very few exceptions, is in the concentrated belt of the world. It is not in some mysterious out-of-the-way place; it is found in the places where most people live. Take, for instance, the interesting fact about wheat. We are accustomed to thinking of Argentina as a country that produces enormous quantities of wheat because it exports so much. As a matter of fact, the production of wheat in France is quite substantially greater than the production of wheat in Argentina, only France has a large population and eats up its wheat, while Argentina has a small population specializing in wheat production and does not eat it all up. It has some to export. We think of Argentina in terms of wheat and forget all about France.

So in the first place, the outlying parts of the world, the fringe of production, the low-grade civilizations, may produce things that are of vital importance in trade and in civilized life because of the fact that it is that margin over and above what the civilized or highly-cultured nations produce that they desire most to have, but in terms of the total its loss would not paralyze—could not paralyze—the life of the world. That life would certainly require some rebuilding, to be sure, if remoter sources of the *leading* materials were withdrawn, but their loss would not paralyze the organized world.

I do not want to minimize the importance of those more remote areas for life as it exists to-day, for welfare as we think of it to-day, but it is important to recall first of all, when we consider the billion-dollar class of raw materials, the fact that the civilized, the highly-cultured nations of the world, are the

chief producers. It happens also—and here is where the problem takes on political interest—that it is just those countries that import most or that use the greatest quantities of raw materials that produce in value several times more in manufactured goods. I mean to say that the manufactured goods of those same countries are several times in value the raw materials that they produce, so that not only are the great concentrations of population in the world the populations that produce the raw materials of the world in greatest amounts, in the significant amounts, but in addition to that it is they themselves who produce the manufactured goods in such quantities that you would have to multiply the value of their raw products by two, three, four or five to arrive at the value of their manufactured goods.

With that fact before us, we are at once interested in the question as to which of those things that are most important to civilization are on the wane, which of those classes of raw products are diminishing in quantity; and second, where in the world is the deficiency to be made up. Where in the world must man extend his activities in order to get hold of the resources that are waning? Finally, who owns them, who controls them? Are they politically inert or are they politically active? Are they areas in which European nations and the United States have a moderate interest, or are they areas in which the European countries and the United States have a very keen interest? And are they things that are really vital to civilization or only desirable for civilization?

Mr. Durand, who is going to discuss the subject of cotton later on in this session, has emphasized the fact that American trade is increasing in importance among non-European regions where political power is in the competitive stage. This at once raises the question of political ownership or at least control, for, if this means a corresponding increase in the investments of the United States or its citizens in the countries of origin, we shall inevitably be interested in their political status. All merchants are striving for cheap sources of goods and all governments desire independent sources. In the United States we have reached a point of acute interest in these matters through the rapid and great increase in our city populations and our corresponding increase of demand for imports of raw

material. We have not yet reached the point where our increasing export of manufactured goods has brought us acute problems of international importance. This is partly due to specialized products and partly to the natural character of our exports and the equally natural markets to which they flow. In other words, our export system does not rest upon an artificial basis, but artificial qualities will inevitably be introduced as time goes on and our foreign business increases in percentage of the total.

The present world situation as to the flow of exports and imports challenges production practice and manufacturing practice in every center of concentrated production of either raw materials or manufactured goods. Undoubtedly the convergence of mercantile interest upon the more acute problems will produce important changes. The drought-resisting qualities of cotton will undoubtedly drive its production ahead in the dry farming areas of the Southwest and upon land that may be irrigated to produce a crop. As a bulky and relatively cheap product, alfalfa in our Southwest has the handicap of being a long distance from the leading markets. Were labor available on irrigated land, cotton, if adapted to a particular site, would be a much more sensible crop to raise. Some very interesting general economical conditions are thereby brought into the discussion. If such cotton growing takes place in thinly-populated regions like our Southwest, there is still ample soil upon which to grow food, for the import of food would be so expensive as to make reserves of food-producing land desirable. On the other hand, if dense populations like those of China turn to cotton growing, it would be hard to furnish cheap food for them. If unused cotton lands near a dense population can be brought to productivity, as in large parts of East Africa, a great and natural extension of cotton production might be brought about without producing revolutionary changes in the production and exchange of food crops. Perhaps we have said enough to indicate the lines of future research in the production of raw materials of particular kinds. While the Joshuas and the Calebs have spied out the earth in a general way, there is a vast amount of research still to be done on the potentialities of specific regions and on the changes in economic balance that will be brought about when such producing regions come into play.



Closely related to the cheap producing regions of raw materials are the regions of possible power development. In a sense, power is raw material and it becomes a manufactured product when we turn coal into the energy of steam or transform a mountain torrent into an electric current capable of doing work. In any event, the distribution of power is of great interest to the economist, the geographer, and the statesman because it is unequally and uneconomically distributed. Take Iceland as an illustration. With a mere handful of people and an almost negligible quantity of resources so far as world trade goes, it yet has an enormous endowment of power. On account of its position in the north Atlantic Gulf Stream drift it enjoys a mild winter climate. Its streams flow in adequate volume throughout the year. Were it endowed with some important mineral resource, such as bauxite (aluminum ore) we should soon have there one of the most concentrated populations in the world. Norway has advantages of a similar sort and is using them in the production of artificial nitrate. Germany is manufacturing artificial nitrate on a surprisingly large scale but using as cheap fuel peat deposits of almost unlimited extent. Here is a happy combination of cheap power, a vast resource, the nitrogen of the air, and great need close at hand in large areas of relatively sterile soil.

So much technical skill is expended to-day upon the machinery of production and exchange that we may be said to have passed the point of empirical experimentation. The great concentration of the rubber industry in the East Indies where cheap labor is available is an example of the triumph of modern technique when applied to the solution of this problem of unequally distributed resources of soil, climate, power, and the raw materials of commerce. We shall see that technique at still closer grips with the problem of unequal distribution of resources when some of our essential minerals enter upon a stage of waning supply. The distribution of the remaining reserves will be a matter of the greatest importance not merely to science, which it challenges, and to modern business, which must look to practical relationships and objectives, but also to political or international relations, which cannot fail to be profoundly affected by each succeeding new situation. The question of cheap coal is imminent now. Our annual produc-



tion and consumption doubled in the twenty years before the world war. How long will cheap coal continue to be produced, and where? With changes in its flow, what corresponding changes will be brought about in the flow of raw materials?

I have touched upon a number of questions that deal with the fringe of settlement to-day, the outer marches where experiments are being worked out with respect to the development of land. Some of these are of extraordinary importance—East Africa, for example, with its white man's lands at moderate elevations and its great capacity for the production of raw materials of commerce and especially cotton at lower elevations where cheap black labor is available. I have called such areas the pioneer belts of the world and in closing I wish briefly to sketch their position and how they affect the questions of raw material supply. It would be possible to show on a map of the world the various belts lying at or beyond the fringe of settlement. These we may call the pioneer belts. They are either underdeveloped or not developed at all, but they are capable of development. At the present time they are of importance as an outlet for settlement, and just on their border development is taking place through the pastoral industry chiefly. The further development or the swifter development of these pioneer belts would have an important effect in the first instance upon the meat supply and upon the supply and the price of leather. We are all acquainted with the world fact that the price of meat and the price of leather continue to mount to higher and higher levels as the grazing lands are constantly narrowed in extent. What we overlook is the fact that a tremendous acreage of grazing lands lies beyond the present fringe of development and has never yet been occupied. Some of it is not occupied because it is too far from means of transportation. This is true of a considerable part of Matto Grosso. Another part has its use limited because of insect pests. Large parts of the Gran Chaco suffer from this condition, and we know to what an extent the tsetse fly has restricted the range of African herds.

If we are thinking of the extent to which raw materials may be still further developed in the world, we cannot fail to see how important is research upon the pioneer belts and their

specialized problems. Here is the widest possible scope for modern science and for business elements that themselves are controlled by the pioneering spirit. It is true that the best places in the world have been taken. It may also be true that in a broad way production of raw materials has been generally well adapted to this physical earth, that man is fairly well adjusted to the controlling conditions of climate, soil and transportation. It is surely not true that the finer adjustments have been made or even that all of the important adjustments have been made. The solution of some of the problems indicated above in the pioneer belts of the world would at once release large areas for occupation and development. They would in time throw upon the world's markets a vastly greater quantity of raw materials out of proportion to the populations that produce them.

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## THE WORLD'S RUBBER SUPPLY

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**R**ECENT intemperate discussion of the rubber situation has obscured certain fundamental and comforting facts. One is that the country has obtained, taking the last five years as a whole, an adequate and cheap supply of crude rubber. For these five years the New York price averaged 32½ cents a pound. In the five years before the war it averaged about \$1.50. We have had our rubber during the past five years at only one-fifth the pre-war cost, and this despite an enormous expansion in consumption of the commodity. Production of automobiles has increased from a few hundred thousand a year before the war to 3,500,000 a year during the last three years. Output of trucks has grown from a few thousand to 400,000 a year. Registrations have risen from 1,250,000 in 1913 to 20,000,000 at present. Rubber consumption has expanded from roughly 100,000 tons in 1913 to about 500,000 tons in 1925. Under the circumstances, and bearing in mind that the same size tire that cost a dealer \$21.30 in 1913 costs him \$9.90 now, and is twice as good a tire, it will be agreed that we have been served extraordinarily well with regard to both supply and price of rubber during the past half-decade.

In 1925, to be sure, the average price rose to 73 cents a pound. However, too much weight should not be given to a single year's price for any agricultural commodity — and especially to that of rubber in which there is a seven-year lag between planting and production. If the price of rubber averaged high last year it is well to remember that we had our supply in 1921 at an average cost of 16.3 cents and in 1922 at 17.5 cents. For those two consecutive years America obtained its rubber at less than the cost of production. The bitter must be taken with the sweet. One year of high prices to four of low represents better than a fair run of luck.

No good purpose is served by exaggerating the importance

and effects of the so-called Stevenson Act for restricting exports of rubber from the British plantations in the East Indies. This scheme was conceived in weakness. Two years of profitless business had left the British growers in a state approaching desperation. They saw their huge investments jeopardized. And there is this to be said in extenuation of attempts to control rubber exports: Because a rubber plant requires five years to come into production and much longer to reach full output, the functioning of the economic mechanism by which prices automatically control production is imperfect. The temptation to reenforce the law of supply and demand is great. How great this sort of temptation may become, we know from the attempt made a few years ago to persuade Cuba to cut sugar production 1,000,000 tons in order to improve prices in this country.

In any event, the Stevenson Act went into effect in November, 1922, and failed to have any clear-cut effect on the rubber market in the ensuing two years. True, the price averaged 29½ cents in 1923 and 26½ cents in 1924. But this was no remarkable result during a period in which general business had become more active, consumption of rubber was increasing and commodity prices in general had risen. Not until the summer of 1925 did the price of rubber rise rapidly to high levels, and that was after two years of unprecedented consumption based on such factors as enormous automobile production and the introduction of the balloon tire. One is led to the conclusion that the Stevenson scheme was effective only when the supply and demand situation had changed so as to favor higher prices. If, however, the scheme actually did start prices upward earlier than otherwise would have been the case, it performed a useful service. What is most to be feared is an extended period of low prices during which planting is discouraged. Such a period stores up trouble in the form of shortage and high prices later on. The most important thing is to assure an adequate future supply of rubber.

Nor is last year's range of prices as extraordinary as might be imagined. The spread was between 35 cents and \$1.21. Rubber always has been a widely fluctuating commodity; because of the inherent inelasticity of its production it probably will remain so. In 1913 the price of plantation rubber varied

between 48 cents and \$1.00 a pound. In 1910 the range was between \$1.30 and over \$3.00. And there was no restriction scheme in force then. Some critics of the Stevenson Act have maintained that last year's run-up was due merely to restriction plus speculation. Our rubber-consuming industries were not, however, blameless. By showing little indication to accumulate rubber or to contract ahead when rubber was low, they intensified the inevitable advance when it did come. In fact, the Stevenson Act might never have come into existence at all if our tire manufacturers had been more cooperative. In 1922 the British growers offered our manufacturers a five year's supply at 35 cents a pound. But our people were interested in obtaining the lowest possible prices at the moment and the offer was refused. In addition, the tire makers seem to have overbought the rubber market last winter and to have embarked on too ambitious production schedules. Inventories of tires in the hands of manufacturers and dealers on May 1st probably approximated 20,000,000, or enough for three months' consumption at the heaviest rate. These tires were made with high-priced rubber and represent a very large potential loss irrespective of whether tire prices are reduced further or not. The tire manufacturers apparently failed to realize the full significance of Mr. Hoover's conservation campaign, which aroused the consumer's combative instincts and built up an expectation of lower prices; in any event the tire manufacturers seem likely to be the chief sufferers from it.

As economists, we are all prepared to condemn restriction schemes such as the Stevenson Act, principally on the ground that interference with the normal working of the law of supply and demand defeats its own purpose in the long run. William Graham Sumner used to argue with much force that attempts to secure an economic result through legislation end by making the condition worse. We are happy to see the administration at Washington subscribing to this sound doctrine. However, there are times when the vehemence with which some of its members denounce the Stevenson scheme persuades one that they lack the courage of their convictions. If our economic dictum is sound, the Stevenson scheme will defeat itself. In that case we may leave it to the inexorable workings of economic fate. We need not disturb ourselves too greatly by trying to combat it with interferences of our own.

And there are signs that the Stevenson scheme has serious drawbacks from the British producers' standpoint. Certainly it has benefited the Dutch growers at the expense of the British. Under restriction the British proportion of plantation production fell from 72 per cent in 1922 to 53 per cent in 1924. Meanwhile the Dutch proportion rose from 27 to 45.3 per cent. In 1924 the British furnished only 48.7 per cent of the world's supply. Dutch output rose in absolute figures from 102,000 to 175,000 tons—a pretty clear demonstration of the gains they were making at British expense. Besides, if we are willing to assume that last year's high prices were the result of restriction, then restriction obviously was tending to attract additional capital to the business; and the investment of American capital in rubber production is one of the things that the opponents of the Stevenson Act most earnestly desire.

Probably the healthiest thing that can happen to the rubber-consuming industry is to have rubber prices hold relatively high for some time. American capital cannot be attracted to rubber growing by a weak and fluctuating market. Already, with prices back close to forty cents a pound, recent American enthusiasm for rubber growing is cooling. Our manufacturers are likely to reflect again that the grower has to take large risks, tying up large sums for years against a market whose character cannot be forecast closely. One suspects that it is not by accident that American capital has preferred to stay at home in comparative safety and with generous returns rather than to take long-pull risks on the other side of the globe. Meanwhile the serious character of the problem of our future rubber supply has been emphasized in a study published by the Rubber Association of America. Plantings have been light for some years; they have fallen, in fact, from 400,000 acres in 1918 to 40,000 in 1923. Consequently the study estimates little gain in production between 1926 and 1930. Consumption is expected to pass production in 1928 and to run some 60,000 tons ahead in 1930. If such a situation materializes, the Stevenson scheme automatically will pass out of the picture. To avoid a continued and worse shortage beyond 1930 high prices and renewed planting are needed now.

Fundamentally the rubber problem is an economic one that will be solved by the natural interplay of economic forces.



The Stevenson scheme was devised as an emergency measure to save the growers from disaster and not to exact exorbitant prices. Of doubtful value when the economic tide did not run in its favor, it should be discarded now that the industry is reaching a better basis. As matters stand it serves principally to ensure for the British the criticism of the rubber-consuming world without reference to the merits of the question. The Act probably is a passing phase in the industry.

Similarly, interferences of our own with the natural operation of the law of supply and demand are to be deprecated. Too high prices bring their own remedy in reduced consumption and increased use of substitutes. These are the natural checks; given time they are effective. The danger of attempting to bring in other forces is illustrated by the recent rubber conservation campaign. The corrective reaction has been exaggerated, with unfortunate results for the tire manufacturers. Price itself could have been depended on to produce a proper adjustment.

Much solicitude has been expressed, and properly so, over the injurious effects on international commercial relations of restriction schemes. In a recent address, Dr. Julius Klein of the Department of Commerce summed up the matter in this fashion: "And so it is that in protesting against these foreign price controls we are acting not only in our own immediate interest but are endeavoring to establish high commercial standards and to remove permanently a threat to international trade relationships and good will."

That is an excellent sentiment, excellently expressed. International good will should be very precious to us all. It follows that we should conduct our side of the argument in the best of tempers and with every desire to do justice to the other fellow's point of view. Certainly the cause of international friendship and cooperation is not served by representing a plan designed to save a depressed foreign industry as a "trade war" being made upon us. War implies a desire to injure the other party. Surely no one pretends that the Stevenson Act was devised with the object of injuring us. Similarly there has been much loose talk of the Stevenson Act being a crafty plan to make our rubber consumers pay the British debt to America. This notion is disposed of when one

notes that the Stevenson Act was put in force before Stanley Baldwin funded the British debt to this country. The normal desire to earn profits is all that is needed to explain the motive behind the Stevenson Act. Surely the matter is difficult enough without adding the friction generated by misunderstanding and suspicion, and by imputing bad motives. Under these circumstances the part of statesmanship should be to allay rather than foment public prejudices and passions, and to diminish rather than increase the distrust between peoples.

Taking the broad view, the important problem for the rubber-consuming world is the assurance of an adequate supply of rubber during the next decade. The Stevenson Act is a mistake, the kind of ineffectual mistake that all peoples make when they try to tamper with the law of supply and demand. Its importance, however, is passing, and if our friends of the Rubber Association are correct, the Act will pass out of existence during the next few years in the face of a world shortage. Under the circumstances it is clearly unprofitable to indulge in recriminations over the genesis and operation of the Act. A more practical procedure will be to face the problem of providing for our needs in 1930 and 1935. To this task we should bring quiet confidence in the value of trusting to the operation of the law of supply and demand, willingness to see the other fellow's side of the argument, and a desire for accommodation and cooperation. We can do this knowing that, after all, the best way to cultivate international good will is to show good will ourselves.

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## THE PETROLEUM RESOURCES OF THE UNITED STATES

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THE world's production of petroleum to the end of 1925 was practically thirteen and one half billion barrels of which the United States had produced over eight and one half billion barrels or sixty-three per cent of the total. For the past three years the United States has produced over seventy per cent of the world's supply.

The production of the United States for the last five years (3,220,000,000 barrels) was more than that for the previous ten years (3,052,000,000 barrels). The production for 1925 (759,000,000 barrels) was more than that of the first thirty-six years of the industry, from 1859 to 1895. It was more than double that of 1919, only six years ago, and was more than the production to 1926 of Rumania, Italy, Canada, Galicia, Borneo, Japan, India including Burma, Trinidad, Peru, Argentina, and Germany. The production of Russia to the end of 1925 was only  $2\frac{3}{4}$  times, and that of Mexico only  $1\frac{3}{4}$  times that of the United States for 1925. The Dutch East Indies have produced less than one-half as much as the 1925 production of the United States. The magnitude of the present demand upon our petroleum resources and the vital importance to other industries of an ample supply of petroleum products make some sort of understanding of the probability or possibility of our maintaining this supply of prime importance.

The outstanding effort at presenting a complete view of the industry was the report of the Committee of Eleven to the American Petroleum Institute which was prepared as the reply of the Institute to the questionnaires of the Petroleum Board appointed by President Coolidge.

In considering the future supply of crude petroleum, the Committee estimates a reserve of 3,210,000,000 barrels from present producing wells; 1,441,000,000 barrels from proven undrilled acreage under present conditions; and 670,000,000 barrels from proven undrilled acreage available at some price; a total known reserve of 5,321,000,000 barrels. These esti-

mates are probably optimistic, but are not seriously so. The staggering thing about the estimate is the smallness of the supply in relation to the demand since it represents less than seven years' supply at the present demand rate. Owing to the nature of petroleum production, this supply cannot be made available in seven years but will be produced in gradually decreasing quantities over at least fifty years.

This known reserve may be increased or supplemented by five methods:

1. Use of substitutes for petroleum products such as alcohol, benzol, oil shale products, or coal tar products.
2. The increased recovery of petroleum from known fields.
3. Increased efficiency in the utilization of petroleum and its products.
4. The discovery of new fields.
5. Imports.

(1) *Use of substitutes*:—Organic substances, such as alcohol and benzol, are already used to some extent as motor fuels either alone or mixed with gasoline. We have enormous reserves of oil shale which will supply vast quantities of substitutes for petroleum if that supply should fail. Some aid in supplying the motor fuel demand may be had from the products of the coal tar obtained in the processing of coal. There are the gravest sorts of economic difficulties in producing alcohol or benzol in sufficient quantities to supplant even a small part of our petroleum demand. Some oil shale in the most favorable localities could be utilized at a price of \$3.00 to \$5.00 per barrel for average Midcontinent petroleum but the replacement of a great part of our petroleum supply by oil shale products means the establishment of a new industry, which will require time and money, both in great quantities. If all the coal now being mined in the United States were processed, and the motor fuel extracted from the coal tar, it would supply only three per cent of the present gasoline demand, and the plant investment required would be in the trillions of dollars.

All these substances may be regarded as substitutes which may come into extensive use in the event of a drastic and continued shortage of petroleum, but barring revolutionary discoveries in winning and utilization, they can be of very little assistance in postponing or preventing such a shortage.

(2) *Increased recoveries*.—It is well known that much oil remains in the sands after they are exhausted by our present methods of operation. The Committee of Eleven estimates a reserve of 26,000,000,000 barrels left in the ground in known fields after exhaustion by present methods of flowing and pumping, which they believe can be recovered by improved methods of operation, including the mining of the sands and extraction of the oil. The estimate of the amount of oil left in the ground is conservative but the amount which can be recovered is wholly problematical. Water flooding and air or gas drive have been used with some success in shallow, consolidated sands where there was little or no water in the sands originally. The use of these processes at great depths, in water-flooded or unconsolidated or lenticular sands is very questionable and if they can be used at all the price for petroleum must be much higher than it is at present to render them profitable. Much more than one half of the oil left in the ground by present methods is in areas highly unfavorable for the use of water or gas drive.

Mining the sands and extracting the oil appears impossible on any extensive scale. The costs of mining the quantities of sand estimated to contain a barrel of oil, varying from three to ninety tons per barrel in different fields, under the conditions to be encountered, appear absolutely prohibitive except in a very few highly exceptional cases. Mining by shafts and lateral tunnels driven below the sands, from which small openings can be driven upwards into the sand, is somewhat more feasible. At great depths and in unconsolidated materials, where most of these reserves lie, the process would be too expensive to deserve serious consideration under present conditions.

All the methods mentioned will have some application, but at best they are means of alleviating rather than preventing or greatly postponing, a shortage of petroleum.

(3) *Increased efficiency in the utilization of petroleum and its products*.—In the refining of petroleum the sought-after product is gasoline. Lubricating oils are also essential but the yield of lubricants could be so greatly increased that there is no danger of a shortage for a long time to come. The demand for gasoline has increased and is still increasing so

rapidly that the petroleum question is really a gasoline question. The yield of gasoline from petroleum has already been nearly doubled by the introduction and use of "cracking" processes. Without the use of cracking, the yield of gasoline already would be far too small to meet the demand. The use of cracking processes can be greatly extended. So far, only the gas oil, a heavier product than kerosene, is being cracked extensively and the process can be extended easily into the fuel-oil fraction.

So long as only that part of the fuel oil which comes into direct competition with coal is affected, this can be done with no important effects on the petroleum or other industries. There are many uses for fuel oil, however, which are not competitive with coal and as soon as the substratum of such use is encountered further cracking can be done only at considerably increased prices. This point will not be reached for some time under conditions approaching the present.

Unquestionably great economies in the use of gasoline can be brought about by more efficient motors, and estimates have been made that the average mileage per gallon of gasoline can be doubled by the use of a different type of motor.

The use of a motor of this type, however, requires the use of lighter and lower-speed cars which are not demanded by the public and which probably will not be demanded until a shortage of gasoline brings about much higher prices. The change to such motors would be gradual, in any event, and no great diminution of the demand for gasoline on this account is in the immediate prospect.

Increased efficiency in manufacture and use has already operated to prevent a shortage of petroleum, and there is room for further improvement in this direction. These factors have not operated as yet so as to overcome the continual increase in the demand for petroleum and there is no prospect of their doing so in the immediate future. Radical changes in manufacture and utilization will be brought about only by high prices which will follow rather than precede a shortage of petroleum.

(5) *Discovery of new fields*:—If we assume that there will be no great reduction in the demand for petroleum in the near future and that the United States should maintain its present



independent position as a producer, the necessity for the discovery of new fields becomes evident.

The accompanying chart presents the situation graphically for a 25-year period. This shows the demand rate of 1924, an average of the Committee of Eleven's maximum and minimum demand curves, the production curve of our present known reserves under assumption of very rapid drilling, and the production of Pennsylvania and Kansas to the end of 1924, as well as the yield of the Cushing, Oklahoma, field as produced and as if produced in one year. The area between the heavy horizontal line at 750 million barrels and the production curve represents the amount of new petroleum or substitutes which must be obtained on the assumption of constant demand at the 1924 rate. It should be noted that the 1925 demand was in excess of that for 1924, and that a further increase is indicated for 1926.

The task of filling in the blank area from new fields in the United States within the twenty-five-year period is certainly no mean one. Even if we consider a shorter period than twenty-five years the problem is still difficult. We should probably maintain our stocks which, though large, do not represent an unreasonably large working margin for a business which has the magnitude of the petroleum industry, which has its enormous responsibility toward other industries; and whose source of supply is so uncertain. To maintain our stocks and meet the 1924 demand for a ten-year period we must produce five sixths of the estimated reserves of known fields available under present conditions; receive imports equivalent to our imports from 1914 to 1923, inclusive; and produce from newly discovered fields a quantity of petroleum equivalent to the production to 1925 of New York, Kentucky, Montana, Kansas, Louisiana and Arkansas; the Bradford field in Pennsylvania and New York; the Cushing, Burbank, Glenn, Tonkawa and Carter County fields in Oklahoma; the Electra-Burkburnett, Mexia-Powell (deep sand), Spindletop and Luling fields in Texas; the Salt Creek field in Wyoming; and the deep fields of the Los Angeles Basin and the Sunset-McKittrick district in California.

Certainly no man nor group of men in the petroleum industry has any definite, concrete idea of where to go to dis-



cover new fields which will produce within the ten-year period, an appreciable fraction of the production of the fields named.

It is impossible to forecast with any accuracy the number or size of the fields to be discovered in the future. However, there are at least two lines of evidence which appear to be significant.

*First.* As to the discovery of new large areas or districts it should be noted that the classification of the United States Geological Survey into Appalachian, Lima-Indiana, Illinois, Midcontinent, Gulf Coast, Rocky Mountain and California fields has stood unaltered for more than twenty years, although much testing has been done in other areas, and that all these have been known to be oil-bearing since before 1890. About seventy-five per cent of the reserves of our known fields are in California, Texas and Oklahoma, which were all known to be oil-bearing thirty or more years ago.

Our production has been maintained, not nearly so much by continued discovery of new large areas or districts, as it has been by the intensive exploitation of areas which were very easily discovered and which have been known many years.

*Second.* The probability that the present rate of production cannot be maintained by the older producing states is thought to be indicated by the increasing dry-hole ratio in these states.

In the early history of the Midcontinent field (Kansas, Oklahoma, North Texas, and northwestern Louisiana) about ten per cent of the wells drilled (neglecting gas wells) were dry holes. This percentage has risen with a fair degree of regularity to thirty-five per cent. In California the percentage of dry holes was between four and ten from 1907 to 1919, but averaged sixteen per cent from 1920 to 1924, and was twenty-two per cent in 1924.

It is thought that this continually increasing percentage of dry holes, in the face of much deeper drilling and the application of scientific methods to the search for petroleum, indicates the rapid drilling up of the more favorable and the extension of the search into less favorable areas.

The intensive testing which the areas considered as favorable have undergone may be indicated by a few random instances. (Data to end of 1924).

Butler and Marion counties, Kansas, have 1027 dry holes

testing the known sands. Greenwood County has 600 dry holes.

In Oklahoma, Carter County has 267; Okfuskee County, 429; Kay County, 229; and Okmulgee County, 2,643 dry holes. One township in Creek County has 50 dry holes into the "Wilcox," the deepest known productive sand in the area.

The situation as to new fields may be summarized by saying that there is no doubt as to the discovery of new fields, but a very reasonable doubt as to their being discovered at the right times and in numbers and of size sufficient to prevent a more or less stringent shortage of petroleum at almost any time.

(6) *Imports*.—The imports of petroleum and its products into the United States during 1925 amounted to 78 million barrels, a decline of over 50 million barrels from the high point of about 129 million barrels in 1921. During the same period the exports have increased from 67 million barrels to 107 million barrels.

It will be noted that the imports during 1921, the height of the Mexican development, amounted to about one-sixth of the present annual demand.

If our domestic supply should fail to meet our demand, we would have to depend on imports for some time until we could utilize our oil shale deposits in a large way, or until we could adjust ourselves to the smaller supply by using different motors, etc.

The problem of a dependable source of supply for foreign oil for the United States also appears somewhat difficult. Mexico's production has declined from 193 million barrels in 1921 to 113 million barrels in 1925 and a further decline is in prospect. Much territory, however, remains untested and the future cannot be foretold. Venezuela is producing about 100,000 barrels per day and is handicapped by lack of transportation facilities. Colombia has one field of considerable importance which is just being made available by the completion of a pipe-line, which will carry about 35,000 barrels per day. Argentina produced about 7 million barrels in 1925. There is little prospect of the supply filling the local demand for some time to come. Peru is producing about 10,000,000 barrels per year.

In Africa, small production has been obtained in Egypt and Algeria. Exploration is being carried on in these countries

and in Angola, Portuguese East Africa, and Madagascar. Considerable testing has been done in South Africa but without success. There is no prospect of Africa becoming an exporter of petroleum in the near future.

In Europe, the Russian fields are still beating back after the injuries suffered during the war. Their production in 1925 was about 50 million barrels compared with a peak 73 million barrels in 1916. There are enormous undeveloped possibilities in Russia but the general conditions are such as practically to preclude the entrance of American companies.

The fields of Poland and Rumania are being actively exploited. The Rumanian production is about the same as before the destruction of the industry during the war (about 15 million barrels), while Poland has not reached its former production.

In Asia, Persia produced about 35 million barrels in 1925, and has a considerably larger potential production. This production is entirely under the control of one British company. American companies recently secured a fourth interest in a concession in Iraq (Mesopotamia) where excellent indications are reported. No production can be expected for at least two or three years.

India and the Dutch East Indies produce together about 30 million barrels per year with no indications of notable increase.

In general, the foreign situation may be summarized by saying that, while there are many remote possibilities, the geographical, geological and governmental conditions are such that there are no immediate prospects of a sufficient supply easily available to the United States to seriously affect our domestic situation. If the economic conditions of Europe, Asia, and Africa improve as is hoped and expected, the foreign markets can easily absorb any additional production of petroleum which may reasonably be expected from our present knowledge of the situation.

That this is the view of the major refining and marketing companies of the United States may be inferred by the great mergers of the past few months. In every case an important refining and marketing company has obtained control of a company which was primarily a producing company with important reserves of crude petroleum.

## THE WORLD'S COTTON SUPPLY

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**I** DO not claim to be a cotton expert by a great deal, but I have conferred with more or less expert persons on the subject and am fairly familiar with statistics, most of which I shall not inflict upon you.

I have thought quite a little about it and it seems to me that the cotton situation of the world offers no serious, long-time, general problems. We have to anticipate, I suspect, rather irregular production in this country in the next few years on account of the curious habits and unforeseeable actions of the boll weevil and consequently, perhaps, fluctuations in prices which are disturbing and unfortunate; but those are problems of the immediate present and in my opinion have nothing to do with the long sweep, which I think is a matter of greater interest to those present.

There are those who suppose that the demand of the world for cotton is going to fall off gradually and that the United States as a cotton-producing country will suffer from that effect. It seems to me that is highly improbable. The fear that is expressed in some quarters that the world will substitute rayon or some fiber made from wood or from other very common materials I believe to be unfounded. It is true that wealthy countries like our own are using more and more silk and more and more rayon. Rayon is growing with amazing rapidity as a textile material, but so far from reducing the demand for cotton it seems, at present at least, to have the tendency of increasing that demand, at least among populations than can afford to spend liberally for textile articles. If, instead of wearing one cotton garment a season, a woman thinks it is attractive and pleasant to wear half a dozen charming garments made of cotton mixed with rayon, you get a variety of consumption which actually increases the demand for cotton. That seems to be a conspicuous tendency at the



present time—the mixture of silk and rayon with cotton, creating a more attractive fabric, the quantity of which consumed is much greater, simply because it is attractive. There may be no great object in having a variety of garments if they are none of them as attractive as they can be made by the use of these mixtures.

Substitute textile materials made from wood and other fibers are not less but very much more expensive than cotton at the present time, and they are likely to continue rather more expensive, so that the question of cost competition is not likely to enter in.

On the other hand, there is likely to be a steady increase in the demand for cotton on the part of the poorer populations of the world, who perhaps cannot afford these more expensive textile materials. As countries like China and India grow in wealth—as we all hope they will and as on the whole they are tending gradually to do—they will consume much more textile material. They at present do without garments of cotton and other textiles they would like to have. If their per capita consumption in the slightest degree approached that of the more advanced countries, the world demand for cotton would be much greater than it is at the present time.

At the present time the world production is considerably greater than it was before the war and while the prices of cotton are not so high as they were a couple years ago, they are still higher with reference to pre-war levels than the prices of most commodities. In short, it does not seem probable that immediate demand is going to fall off, or that looking ahead for a long time, there is going to be any decrease in demand; on the contrary, there will probably be an increase.

There are some people who have looked forward to a time when America could not produce a great deal of cotton and when we would perhaps have a world shortage of cotton because of the growth of population in this country and the demand for the use of the land for other purposes—for feeding the population. That again seems to me a rather far-fetched forecast, though no one can, of course, tell what may happen two or three hundred years from now. The rate of growth of population in the United States, so far as one can foresee for some decades to come, is not likely to be such as to put grave

pressure upon our food-producing resources. We shall be able to develop our agricultural methods, able to get more from the land, without necessarily decreasing the production per person working on the land, and we shall be able to keep on devoting a great deal of our land to cotton. Even should it prove necessary for the United States to import certain kinds of foodstuffs which now it is entirely able to supply for itself, we should probably import them and produce cotton rather than devote a larger part of our land to foodstuffs at the expense of cotton acreage. Of course, all that depends upon the probable future development of cotton production in other parts of the world, but so far as our own ability to produce cotton is concerned, it does not seem to me that it is seriously limited. It would certainly pay the United States, if conditions in cotton production in other parts of the world remained the same as at present, to import great quantities of wheat rather than to forego the production and export of cotton, because certain parts of our country are so admirably adapted to that particular crop.

As regards the boll weevil, that, of course, is a biological question. I have no expert knowledge about it. All that one can do is to observe the actual tendencies of cotton production in the face of the boll weevil in this country. The boll weevil unquestionably reduced greatly the yield per acre in large parts of the cotton-producing regions and it did look for a time as if we should never be able to maintain our cotton production, but the boll weevil apparently does not like dry climate, nor does he like very cold weather, and the farmers have learned by adjusting the time of planting, by some adjustments of methods of cultivation, but especially by shifting the location of the cotton crop, to meet the problem pretty well.

There has been, as you all know, a rapid increase in cotton acreage in this country the last few years, extending especially toward the west, in the central and western parts of Texas and in Oklahoma. Production has more than kept pace with this increase of acreage, as we are getting now rather higher yields per acre than we did a few years ago. We had last year, 1925, a crop second only to one or two previous years—16,000,000 bales, a very large crop of cotton. It is, of course, impossible to forecast exactly what the wicked little weevil will

do, but if we can succeed against him as well in the future as we have in the last few years, there seems to be no great danger that we cannot produce cotton.

Then comes the question: What are other countries likely to do in the production of cotton, and is there danger from the American point of view that the demand for American cotton will fall off? No doubt there will be—as there has been in the last two or three decades—a gradual increase in cotton production in other countries. There has been a great deal of effort in that direction, especially on the part of the British. They have an association for promoting cotton production in the British colonies and possessions, an association supported by collecting practically a tax from the spinners of cotton; and they have been very active in pushing the production of cotton, not however, except in Australia, going to the extent of granting subsidies, but rather investigating climatic and other soil conditions and giving advice as to methods of producing cotton and otherwise promoting it by an educational campaign. This movement began before the war, before the boll weevil commenced to show his head, but has been very much more active in recent years. I think the reason has been primarily not the desire to free Britain from dependence on the United States, but the actual fear that the United States might not be able to supply the cotton required. Of course, also, there was a desire to increase the prosperity of British possessions by giving them an additional form of production of a profitable kind.

I do not believe that the British feel that the United States is a wicked monopolist of the cotton business trying to hold up the British spinners. Their activity has been based on quite different motives. It would obviously be a benefit to the British and other European consumers and mill operators if there were more widely distributed sources of cotton supply, because the ups and downs of production would be ironed out to a large extent in that way. Any one country like the United States is naturally threatened with unfavorable weather conditions or pests that greatly affect the crop for the year or even for a series of years; and the resultant sharp variations in the price of cotton, such as we have witnessed all too often in the past, are not to the advantage of the cotton spinner.

Now, how much has been accomplished by these organized or unorganized efforts to increase the production of cotton in other countries? After all, not a very great deal as yet. India, which is by far the largest producer other than the United States, has increased its production something like thirty per cent, I believe, as compared with pre-war. The greater part of the increase has gone into Indian consumption by the establishment of local mills. The export has increased materially. The demand for cotton in India on the whole is a gradually growing one; the additional production in India is more or less absorbed by the Indian population.

China is raising a good deal more cotton than a decade or so ago, is becoming able more nearly to supply its needs, but when you remember that China has 400,000,000 people against our 100,000,000, roughly speaking, and that our production of cotton is eight times that of China still, you can see that China has got to go a long way before it is likely to be able to supply its own requirements and at the same time be an exporter.

Egypt comes third, not very much below China. Much of the Egyptian cotton, you know, is of a special quality which we, ourselves, import in very great quantities. Americans are as anxious, I think, as anybody else, to see the production of those special grades increased rather than diminished and have protested at times against certain policies of the Egyptian government in attempting to curtail the output of Egyptian cotton. The area available for production of crops of any sort in Egypt proper is so extremely limited, the population so large, that there seems no probability that Egypt proper will be able to increase its cotton acreage very greatly. They need the land to raise enough to feed the people. There may be some increase, but not a great increase, in cotton production in Egypt.

The efforts of the British at increasing cotton production have been most active in East Africa, a territory which has a very extensive area capable of cotton production. It will, however, be a long time in my opinion before East Africa will begin to approach the United States in magnitude of cotton production, because you have got to educate the natives to plant, or you have got to send in a great deal of European management and European labor, in order to succeed in that

business; this will take a long time. Moreover, the rather dense populations of this region need to devote a good deal of time and soil to raising food for themselves.

The most important thing of all, I think, is habit—the natives' habit of raising what they have been accustomed to raising, of doing their agriculture in their own particular way. It takes a very long time indeed to change the habit of the people and develop a new type of production on a large scale. Of course, if you talk in terms of percentages, the rate of increase of cotton production in Africa, outside of Egypt, is very great. Before the war the production was something like 30,000 or 35,000 bales in all Africa except Egypt, and now it is something like 250,000 bales (last year). I have the figures here if you are greatly interested, but the total production outside of Egypt is a bagatelle as compared with the 16,000,000 bales produced in the United States and in my opinion it will be a long time before African production becomes really important.

More rapid is likely to be the increase in production in South America. The production in Brazil and Peru had become considerable even before the war, several hundred thousand bales, and recently there has been a gradual development and a rather rapid percentage increase in production in Argentina. The amount of land that is capable of producing cotton throughout that part of South America is great, but they have not, of course, a very large population to work the soil, and at present it pays them better with that meager population to raise grain and livestock. The production of cotton in South America is still less than a million bales, 900,000 bales last year, by no means twice what it was before the war. The rate of increase is rapid in Argentina but only moderate in Brazil and Peru.

Broadly speaking, therefore, it is my opinion that the production of other countries of the world is not likely to increase faster than the world demand increases; that the United States can continue to find demand for as much cotton at least as it is producing at the present time for a number of decades to come; and it is quite possible that the world's consumption may increase so much that even greater quantities could be profitably raised in this country.

Cotton is different from oil and some of the other things that will doubtless be discussed here in that it is not a mineral deposit liable to depletion. It can be raised on land indefinitely by the aid, in some places, of fertilizers; it can be raised in a great many places and for that reason there seems to be no possibility of any monopoly on the part of any country. This country, of course, in the past, if it had seen fit, could have exercised some kind of control over the cotton supplies of the world. It could have limited production or regulated exports, but the possibility of any such control is gradually diminishing with the expansion of production in other countries and this country, fortunately, has never shown any particular disposition to monopolize the supply. Still less, of course, is any other country in any position to do anything of the sort.

In a general way, the situation appears to be normal or natural. We have to do with a competitive business conducted by millions of small-scale producers in several different countries, confronted with a gradually increasing demand and with the possibility of a gradually increasing production. As far as I can see, therefore, there are no grave problems involved for the indefinite future, but the only unfortunate thing to my mind is the probable irregularity of the production from year to year in the United States, resulting from the curious action of the boll weevil.



## CANADIAN PULP WOOD AND THE AMERICAN PAPER INDUSTRY

FREDERIC W. HUME

Director of Public Relations

**I** MUST say that I came somewhat unprepared as I expected a much better informed speaker would be here to discuss the subject of wood pulp. On the program the subject appears as wood pulp, but I would like very much to confine my remarks to pulp wood from which our wood pulp is obtained.

Undoubtedly one of the most important questions to be considered to-day by the paper industry of our country, and by this body, is that of an uninterrupted and permanent source of supply of pulp wood or wood pulp, or both, sufficient to provide adequately for the needs of the country to-day, not only for newspapers, but for magazines and the greatly increased use of wrapping, kraft and boxboard papers. The situation has not received proper serious thought and consideration by those in the industry until quite recently, but the industry is fast awakening to the fact that an economic condition has developed which may become a matter of great and troublous moment, not only to the manufacturers of paper throughout the country, but to the vast army of paper users, unless drastic and efficient steps are taken now to effect a remedy.

The magazine and book paper industry to-day has a total investment of more than a billion dollars, and employs some hundred and fifty thousand people with an annual payroll around the two hundred million dollar mark. It is very closely allied with the electrical industry, using about two million horsepower of electric energy per year.

Here, then, is an industry well worthy of every ounce of effort which may or can be expended to insure a permanent supply of its raw material, pulp wood, without which the paper industry never could have attained its present world growth. It is a well known fact that wood pulp, and wood pulp alone,

is responsible for the great upward strides made in the use of paper throughout the world to-day, and any altered condition which would necessitate the use of other raw materials, such as we know them to-day, would be disastrous to the paper industry from an economic standpoint.

When we talk of pulp wood in this country we naturally link ourselves with our neighbor to the north—Canada. Here we find a nation blest with a superabundance of natural resources, both forest and water power—the very life of cheap paper production—and populated by an aggressive and resourceful people. In 1911 the duty was removed from newsprint imported into the United States and almost immediate advantage of this economic favor was taken by Canada, with the result that newsprint mills in abundance were built across the border, almost ninety per cent of the output of which is exported to this country. In fact, Canadian production of newsprint has doubled itself in the past eight or nine years, and since September, 1925, with but one exception, the monthly output of Canadian newsprint mills has exceeded that of the United States. This development, of course, can be considered as a mutual advantage to both countries.

With her vast forest resources, Canada permitted the unlimited exportation of raw pulp wood for a time, but soon adopted a policy of prohibiting the export of raw pulp wood cut from Crown lands, whether leased or not. This condition has existed in full since 1910, and as some 92 per cent of all Canadian lands containing the pulp wood stand are vested in the Crown, the only raw pulp wood obtainable from Canada must be cut from the remaining 8 per cent, or freehold lands. Wood cut from Crown lands must go through at least one process of manufacture before it can be exported, which means wood pulp, as this is the first step in transforming pulp wood into paper. These export restrictions were of serious moment to many American companies which had leased Crown lands in good faith with the avowed intention of exporting the wood cut therefrom, and forced many of the companies to build pulp mills on the Canadian side of the border so that they might avail themselves of their leased wood lands.

It will probably interest you to know, at this point, that Canada's total exports of newsprint and other paper, pulp

wood and wood pulp, totaled \$168,724,886 for the year 1925, and that of this amount \$151,210,257, approximately 89 per cent, was exported to the United States. The major portion of this item, of course, is newsprint, which aggregates almost a hundred million dollars, while the different grades of wood pulp account for some forty-three million dollars. The fact that Canada exports so large a quantity of newsprint is not surprising, however, when we realize that because of her abundant forests, her wealth of water power and cheaper labor she has a distinct advantage over this country, her newsprint production cost being somewhat less than the production cost in this country.

It is quite evident that, so long as newsprint is permitted to come into this country free of duty, Canada will continue to hold its newly acquired supremacy in the production of this commodity, and will increase its excess over the United States' production as time goes on. As to this, the American mills have adjusted themselves somewhat by converting machines formerly applied to newsprint production to the manufacture of the finer papers.

When we consider the tremendous investment American paper mills have in this country, and on the Canadian side of the border too, and when we consider how essential the American market is to Canada as an outlet for her pulp wood, wood pulp and paper products, it seems the most logical condition in the world that friendly business relations shall continue uninterrupted. However, there are times when the agitation for an embargo on pulpwood exported from Canada brings forth something which is food for thought on the part of the American companies; for instance, at a recent gathering of Canadian Pulp and Paper Manufacturers in Canada the Premier of Quebec, referring to the proposed embargo on pulp wood export, said, "If America does not want an embargo or export tax on pulp wood, let her take the duty off of all grades of paper." Of course, there could be but one result if any such drastic action were taken. A removal of the duty on all grades of paper would throw the American market open to world-wide competition, bringing a deluge of paper of all kinds, not only from Canada, but from Sweden, Norway, Finland and other foreign countries economically favored to produce paper

cheaply and in great volume. This, of course, would affect the price of paper both in the United States and in Canada.

It seems difficult at times to understand just why an embargo on pulp wood export is looked upon as so vitally important by some of our Canadian neighbors—especially in the name of conservation of their natural resources, which is their only claim for its necessity—in view of their enormous stand of soft woods and their infinitesimal annual cut, in comparison with the whole. The report of their Royal Pulpwood Commission (1924) showed a total stand of almost one and one half billion cords of pulp wood, of which more than six hundred million cords were available, or accessible, as they put it. In 1925 the annual cut of pulpwood in Canada reached its greatest total, and is estimated to be some five million cords. Of this amount, 1,430,250 cords were exported, all to the United States. In fact, all pulp wood exported from Canada during the past decade has come to the United States and the increase in annual cordage of this item, during the past ten years, has been small compared with the yearly increase in the amount consumed in Canada. The amount of pulp wood imported into the United States from Canada represents about 25 per cent of the total amount consumed annually in this country, our consumption for 1925 being estimated at somewhere between five and one-half and six million cords.

In spite of the fact that we have been standing still for many years, so far as newsprint production is concerned, the total production of *all* paper in this country has increased steadily. Last year we produced about 8,500,000 tons of all classes of paper—newsprint, magazine, wrapping, boxboard, etc. It is quite evident, therefore, that the paper industry has reached proportions which justly entitle it to be termed a tremendously important industry, and it is well, indeed, that we give serious thought to the problem which confronts us, that of insuring a reasonably cheap and a permanent supply of wood with which to manufacture the wood pulp so vitally essential to the industry.

Wood pulp, as you undoubtedly know, is manufactured in three different grades—groundwood, sulphate and sulphite. The first is used primarily for newsprint and like grades of paper and the latter two for the better grades. The principal

woods used are spruce, balsam, hemlock and poplar, though there have been some recent successful experiments made in using jackpine and one or two other grades not heretofore deemed practicable for making wood pulp.

It may not be amiss to mention, in passing, that other and varied uses for wood pulp in the development of commercially feasible products other than paper have reached a stage to-day where the inroads they may make on the supply of raw material are bound to be felt. I have in mind, particularly, artificial silk, rayon, a product almost wholly dependent upon the cellulose base of soft woods. This industry is advancing by leaps and bounds and has taken the public by storm. If the increase in annual output of rayon continues over the next decade in the same ratio as has been the case during the past ten years—and everything indicates that it will—the amount of wood pulp required to produce this artificial silk will be considerable. Here, then, is another factor to be considered in the economic study of wood pulp and the permanency of its supply for the paper and other industries.

I want to thank you, gentlemen, for your kind indulgence this forenoon, and perhaps it is in order that I should offer you my apologies for dwelling so much on the subject of pulp wood rather than wood pulp, but the question of our pulp wood supply is a paramount one in the paper industry.

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## RAW MATERIALS AND IMPERIALISM<sup>1</sup>

PARKER THOMAS MOON

THE relation of raw materials to imperialism is really an illustration of the profound principle that Mr. Summers developed last evening when he was speaking about the attempt to impose the fiat of government upon the economic world.<sup>2</sup> This is a peculiar and a peculiarly important attempt to impose the fiat of government upon the economic world. Imperialism, as I see it, is one of the most important characteristics of this generation in which we are living. I suspect that some future historians, when they come to write their textbooks labeling each period with some appropriate title, may select "The Era of Imperialism" as a description of this age of ours, for I doubt whether in the long run many contemporary events will quite so significantly affect the history of humanity as the extension of the power of civilized nations over the so-called backward nations. No empire-building in all history can compare with it. The conquests of Cæsar and Alexander were trivial as measured against the achievements of our supposedly prosaic times. The quest for colonies and protectorates, for concessions and spheres of interest, that has played so tremendous a rôle in the history of the international alliances and ententes and rivalries of the period from 1870 down to the present, is perhaps the gravest world problem with which we are faced, and we are not done with it. It was prevalent before 1914; it is acute now.

Take the case of Italy. There is now in power in Italy an administration that zealously believes in colonization. Benito Mussolini has even spared a little of his very much demanded time to take a trip to Tripoli, and to call popular attention to the Italian colonies. The Facisti have established a National Colonial Day as part of the agitation for the exploitation and enlargement of Italy's colonial empire. One even begins to hear suggestions to the effect that Italy has not enough of North Africa, and that possibly some day she may need French

<sup>1</sup> Opening remarks at Round Table No. 9, on Political and Financial Control of Raw Materials, May 13, 1926.

<sup>2</sup> See p. 126.



Tunis or some other part of the Mediterranean world as an addition to her colonial realm.

In France flourishes a veritable school of imperialist propaganda, devoted to the idea that France needs colonies for her economic welfare, to provide her with raw materials and food-stuffs and markets for her manufactures. Perhaps in no country is the philosophy of economic imperialism being so systematically developed as in France.

In Germany there is an agitation on foot in favor of the restoration to Germany, as one of the great civilized and civilizing powers, of some of her lost colonial empire in the new form of a mandate.

Russia in becoming Communist has repudiated imperialism in theory, but in practice Bolshevist Russia stands heir to the imperialism of the Czar and still pursues an imperialist policy in Central Asia.

Little Belgium is developing the Congo with an intense zeal. King Albert himself has made the amazing remark that Belgium's future lies in the Congo.

Great Britain built up a great empire "in fits of absence of mind," so they tell us, and she still continues to be somewhat absent-minded.

The United States, of course, has never been imperialistic. We have never desired to conquer territory. We have taken territory such as the Philippines, Porto Rico, or Hawaii only when Providence thrust it upon us. Since 1897, and even since 1915, Providence has been singularly considerate of our welfare, and, if Providence lagged, we could count on the State Department and the marines to assist in its beneficent operation—in Haiti and Santo Domingo.

This is not the place to dwell on the general significance of imperialism in international relations. We can agree here that it is a challenging problem, in which raw materials are a very vital factor. It was not always so. A generation ago, the more potent motive was the search for markets for surplus cotton and iron manufactures, and for the cheaper grades of intoxicating liquors. These were the big items for which markets were sought, but to-day raw materials have become a dynamic factor of prime significance.

You can see the raw-materials factor operating in several

ways. Sometimes it provides the motive or the argument for acquiring colonies. Spokesmen of Japan are constantly telling us that Japan, with her dense population, needs iron and coal and other raw materials in order that she may develop the industries which will enable her to support a "surplus population." Italians are constantly pointing to their emigration figures. They explain that Italy, being poor and overpopulated, needs industrial development, and for that reason needs raw materials from her colonies. If Mussolini recently obtained from Great Britain, and set great store by obtaining from Great Britain, that strip of territory in East Africa known as Jubaland, it was because Italian imperialists felt that in Jubaland they had another Nile, a region like the Nile Valley that could be converted by irrigation into a vast cotton field.

To go back to the Philippines. You remember that Providence entrusted the Philippines to us without, on our part, an intent of conquest. Annexation was caused by the fortunes of war and the march of events, as our Presidents have said. But remember also that before we actually acquired the Philippines American officers were instructed to report on the raw materials and other economic potentialities of the Philippines. It was on the basis of this fuller information about the economic value of the Philippines that President McKinley changed his original instructions to our peace commissioners and insisted that we must have the whole archipelago from Spain.

In the Philippines we are faced with the problem of Nationalist agitation. President Coolidge has said that we cannot emancipate the Philippines just yet, because they do not understand and recognize the principle of the separation of the legislative, judicial and executive powers in government. Some of us have a shrewd suspicion that, not the doctrine of the separation of powers, but the question of rubber and other raw materials is likely to be the important factor in our continued retention of the Philippines and in the postponement of the fulfilment of our promise to grant them independence as soon as they showed a reasonable ability to govern themselves.

Take the case of Liberia. If Mr. Firestone's project of turning Liberia into one great American rubber plantation

succeeds, it will make Liberia very much more definitely an appanage of the United States. It will mean the extension of United States imperialism, whether we call it that or not, whether we allow the Liberian flag to wave or not.

The French have some colonies which are a constant drain on their national treasury—French Equatorial Africa, for example. On what basis do French imperialists justify the retention of such unprofitable colonies? Simply, that they are so abundantly stored with raw materials. That is the plea you hear or read over and over again.

It is unnecessary to elaborate this point. Illustrations could be multiplied endlessly. I intend only to bring out some salient features of the problem. And a most interesting feature is the optimism which so typically accompanies imperialism. We are often, I dare say, a little bit like the little boy who looked at the mince pie and found it much more attractive before he ate it than it proved to be afterwards. We are all somewhat like those Australians of whom Dr. Bowman spoke in his very interesting and informing talk yesterday morning: We get patriotism mixed up with rainfall and other things. We are incurable optimists, and especially when we are acquiring colonies. The reports on the possibilities of the Philippines were much more optimistic in 1897 than they were after we had acquired them. The Italians get cotton mixed up with patriotism. I saw an international colonial exposition at Lausanne last summer and in the Italian part of that exposition they had a room devoted to the Italian colonies in Africa. In the center of the room they had a huge pillar of raw cotton. You would think the Italian colonies were producing stupendous quantities of raw cotton. Yet the sad truth as revealed by statistics is that they produce very little indeed. Nevertheless the Italian imperialists have a sublime faith in the cotton-producing qualities of their colonies.

Mr. Firestone has great faith apparently—at least he gave out to the press the most optimistic estimates—as to his ability to turn Liberia into a rubber plantation that would produce a large part of the world's rubber. There are many practical difficulties in the way of such a project—scarcity of labor and other difficulties—but we rarely take those things into consideration in advance. The British press, before Great Britain

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took Rhodesia, spoke of the fertile wheatfields, and of gold; yet the first settlers encountered hardships that caused them to despair, and now the British Government has to inform prospective pioneers that they must have considerable capital before they venture into that land of milk and honey.

A very good example of this imperialist optimism is found in a little book I picked up last summer in France, entitled, "What Every Frenchman should Know about Our Colonies." It is for propaganda purposes, as you will easily imagine, and it is a popular work. The authors describe Morocco in these terms: "It is a magnificent jewel which has been the object of envy of all the powers." It is well they put that sentence in the past tense. I dare say Morocco is less coveted now, with the Riffian trouble, than formerly. You remember all the discussion there was about the iron in Morocco. That was an important item in the Morocco crisis. You remember that when Germany finally agreed to let France have Morocco they put in a special stipulation that there was to be no differential tariff duty on the export of iron ore from Morocco. But try to look up the statistics as to the export of iron from Morocco to-day, after France has had it for fourteen years, and see how large that export of iron ore is! It does not figure among the substantial items on the French list.

Take French Equatorial Africa again. It has been called the Cinderella of the French Colonial Empire—Cinderella in the pre-pumpkin stage, before the fairy godmother arrived. French Equatorial Africa still sits in rags, so to speak. It has been a great burden and its commerce has been slight. Yet French imperialist propaganda reiterates that French Equatorial Africa is teeming with natural resources, with rich and abundant lands, with copper mines 350 kilometers from the coast, with wonderful potentialities for transportation; that French Equatorial Africa will ultimately justify the fondest expectations, will be a true Cinderella. That optimism compares badly with the present facts.

The French have been eager to develop a colonial supply of cotton and many of them have been optimistic about it. They have spent a great deal of money in developing cotton cultivation. They do produce some cotton, not a large amount as world trade goes. The disheartening fact about it is that

more than half that colonial cotton goes to foreign countries, not to France. The reason is that most of it is grown in French Indo-China, and that three-fourths of the raw cotton produced out in Indo-China goes to Japan and China. The tricolor may wave over the cotton fields, but the raw cotton shows no loyalty to France.

I could give a good many other cases of that sort, but perhaps it would be futile to fatigue you with examples. One more illustration, however, may bring out a different point. France owns New Caledonia, and on that island there are found certain relatively rare minerals, but the cobalt from New Caledonia all goes to Belgium, and two-thirds of the nickel from New Caledonia goes to Belgium rather than to France. The small and weak nation of Belgium is able, because of certain economic facts, to triumph over the imperial greatness of France.

The rubber situation that we have discussed so much is a case in point. The British own the rubber plantations, but we get the rubber. The graphite of Madagascar goes to England, not to France. The phosphate of Tunis has been much spoken of by French imperialists, but if you look at the Tunisian export figures you will see that less than half of the phosphate and other mineral produce of Tunis goes to France. The point is that raw materials, in a general way, are color blind—they recognize no national flag. They follow economic rather than political facts.

Some of you will say, "But that is not quite true. We can control them politically by means of export taxes and monopolies." Some of you will recall Mr. Hoover's nine monopolies. You will think of rubber. It is true that political control is exercised in a few cases, but it is not general and there is a very good reason why it is not general. If France should forbid the export of phosphate from Tunis to other competing countries, it would ruin the prosperity of Tunis. If Great Britain should forbid all export of rubber from British Malaya to the United States it would depress that colony into a state of desolation and poverty. Such measures are impossible because of economic facts.

What I have been trying to bring out here in a roundabout fashion is that factory and finance are more significant than the flag in the control of raw materials.



There is another slip between the cup and the lip in this question of colonial raw materials. It is illustrated by Indian cotton. India grows much cotton, but in the course of time factories have been erected to use that raw cotton on the spot. The same thing is happening with other raw materials in Canada, Australia, New Zealand and South Africa. Factories are springing up like mushrooms in these colonies. Just the colonies that one expects to be, and are, the most important producers of raw materials, are precisely the colonies which refuse to remain colonies in the economic sense, which refuse to remain hewers of wood and drawers of water for the industrial nations, and insist on becoming industrial nations on their own account, in the course of time.

I have been playing around the fringes of this subject so far. The heart of the subject is the question whether self-sufficiency is to be obtained by imperialism. That is the argument that is used recurrently. If you dropped that argument out you could look at colonies as business propositions, and ask whether this colony pays or that colony is a loss. We cannot do that at present. We look at colonies through a patriotic haze, through a mist, and the mist is the idea of national self-sufficiency.

Can self-sufficiency in raw materials be secured through imperialism? The United States gets sugar, tobacco, bananas, hemp, gold, copper and cocoanut oil from its colonial domain, but it does not get the Malayan rubber, the Indian jute, the Japanese silk, the British tin, the Russian platinum, and the Canadian nickel that are needed.

France affords an illustration, although you might take any nation that you choose. Two thirds of the imports of France are raw materials; but one tenth of these raw materials comes from her colonies, whereas the other nine tenths come from Great Britain, the United States, Germany, Belgium, the South American countries, and others. If you told a French imperialist that the important colonies of France, the genuine economic colonies of France, were the United States, Germany and Great Britain, he would probably gasp, but it is true. The important providers of raw materials for French industry—colonies in that economic sense—are these three Great Powers. The moral is obvious, is it not? If these are the economic facts, it is absurd to let the imperialistic desire for



colonies interfere with the international reciprocity and good will that are necessary if France is to draw the bulk of her raw materials from other Great Powers.

You can look at it from a different angle. The feudal state and the city state of the middle ages proved too small for economic facts; they were united in the national state. The national state found itself too small to include the raw materials it needed; and it expanded into the national empire. All the Great Powers of to-day are national empires rather than nations, with the single exception of Germany, and Germany is a nation against her will. Now the national empire finds itself inadequate. It can not include the raw materials it needs. It is too small. The next step seems to be world-wide international cooperation, reciprocity, and control. We are hesitating to take that next step, inevitable as it is, because public opinion and public sentiment generally lag about a generation behind the facts—behind the economic facts especially. We were very slow to accept the gospel of imperialism which a few professors, business men, and journalists preached back in 1870 and 1880 as their solution of the economic problems of their day, but in the end we were converted. Now, in the twentieth century, we are trying to apply that mid-Victorian policy to a "mid-Coolidgean" epoch. Is there any reason for astonishment if the results are not all that could be desired?

What I have said so far is largely negative because the other speakers are going to develop the constructive aspects of the topic, and because, as I see it, imperialist sentiment is the greatest obstacle there is to any clear-cut constructive thinking on the subject of raw materials. Once we can rid ourselves of the delusion of imperialist self-sufficiency, once we can face the fact that Great Powers and small powers alike do depend and must depend chiefly upon other powers rather than upon their colonies for raw materials, then we shall be free to face the problem with constructive intelligence. Then we shall be able to set about the task of establishing international standards of fair competition and of business ethics. One prime prerequisite for such thinking is that we should cease to pursue the mid-Victorian mirage of self-sufficient imperialism, and open our eyes to the realities of the international age in which we are living.

## INTERNATIONAL FINANCIAL CONTROL OF RAW MATERIALS

EDWARD MEAD EARLE

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I HAVE a feeling that there are a number of persons in this group far better qualified than I to discuss this particular phase of the situation. I hope that Mr. Summers, with his ever-watchful eye, will guard carefully against my sins of omission and commission and correct any misapprehensions for which I may be responsible.

An analysis of the export and import trade of the United States from 1850 to the present time reveals the fact that the percentage of our exports consisting of raw materials and food stuffs has been going steadily down, and that the proportion of our exports devoted to manufactured articles has been going steadily up. On the other hand, the proportion of our import trade consisting of manufactured articles has been going steadily down and the proportion of our imports devoted to raw materials has been going steadily up. This is simply another way of saying that the United States has become industrialized and that the international problems of the United States are the problems of an industrial nation.

In the next place be it pointed out that in so far as the problem of raw materials has become an acute problem for the United States, it may be said to be a development of the period since 1910. This same period has been marked by the growth of American foreign investments. These coincidental developments are not to be wondered at because of the obvious fact that one of the purposes of foreign investments is to secure certain, cheap, accessible and independently controlled sources of raw materials.

In a sense, therefore, the problems of the United States during the past two decades have been very similar to the problems of Great Britain throughout the nineteenth century. There is a striking similarity between the British cotton industry of Lancashire and the American rubber industry of

Ohio. The British cotton industry of Lancashire consumes a very large proportion of the cotton crop of the world, none of which is grown in Lancashire or any other county of Great Britain. Similarly, the rubber industry of the United States consumes a very large proportion of the crude rubber of the world, none of which is produced in Ohio or any other state of the American Union. It was the American Civil War which awakened Great Britain to the imperious necessities of this question of supplies of raw cotton and which led to the organization of British cotton manufacturers for the purpose of developing sources of supply under British control. It was the Great War and the financial uncertainty following upon it which aroused the American government and the American rubber manufacturers to seek independent American supplies of crude rubber. It might also be pointed out, by way of following the analogy a little farther, that the British throughout the nineteenth century clung rather tenaciously to a policy of splendid isolation and were eventually obliged to abandon it by reason of imperious economic necessities. The United States continues to cling to its policy of splendid isolation, and it would be a wise man indeed who would prophesy how long the policy will remain within the realm of practicability.

Before 1914 there was a considerable amount of American capital invested abroad in sources of supply of raw materials—principally minerals in Latin America. Of these petroleum stood out conspicuously, but other minerals in Mexico, Chile and elsewhere were also concerned. Then came the war, which in a very real and effective way served to expedite the development of American foreign investments in sources of supply of raw materials.

In the first place, the war itself interfered with the normal flow of commodities as between nations and immediately raised the question whether political control exercised by belligerents during war time might not be projected into peace time by all great industrial nations. The war also brought about the evils of speculation and of fluctuating exchange rates, which made every manufacturer, in varying degree, a speculator in the commodities which went into his finished product. Manufacturers dislike to be speculators in raw materials in addition

to being manufacturers of the finished product, and so you found a tendency to evade the evils of speculation and of fluctuating exchange rates by independent control of sources of supply of raw materials. A very homely illustration in this connection was the acquisition of large Cuban sugar plantations by a certain popular chocolate manufacturer in the United States who had no concern with the international implications of such investments but who knew he was being gouged by sugar speculators and who wished to manufacture chocolate and not engage in the ramifications of speculation in the sugar market. The consequence was that purely war-time conditions tended to accentuate the development of American investments in raw materials.

Simultaneously came a consciousness on the part of the American government that there was a very close correlation between industrial welfare and national defense—a fact which no government can afford to ignore under present conditions. The consequence is that not only during the war but after the war there has been a conscious policy on the part of the government of the United States—and I am concerned principally with that government for the moment; most of us are kept so thoroughly alert by the public press and by our own government officials to the sins of other nations in this respect that they need not be emphasized here—to urge the investment of American capital in independent sources of supply of raw materials, purely because of the national interests which are supposed to be involved.

This has not been a partisan matter by any means. During the last years of Mr. Wilson's administration the government at Washington was very actively concerned with the question of American supplies of raw materials. It was under Mr. Wilson's administration that the Anglo-American controversy regarding petroleum in the Near East reached fever heat.

The Democratic Party platform of 1920 contained the following statement:

The Democratic Party recognizes the importance of the acquisition by Americans of additional sources of supply of petroleum and other minerals and declares that such acquisition both at home and abroad should be fostered and encouraged. We urge such action, legislative and executive, as may secure to American citizens the same rights in the acquirement

of mining rights in foreign countries as are enjoyed by the citizens or subjects of any other nation.

The Democratic party was defeated, as you know, in 1920, but the Republican party has executed that plank of the Democratic platform as faithfully as the Democrats could have executed it themselves.

It is with the name of Mr. Hoover that this policy of the active promotion of American foreign investments in raw materials is principally associated. In 1921 Mr. Hoover is reported to have said to a gathering of American oil producers in his office at Washington: "Unless our nationals reenforce and increase their holdings abroad, we shall be dependent upon other nations for the supply of this vital commodity (petroleum) within a measurable number of years. The truth of the matter is that other countries have conserved their oil at the expense of our own. We must go into foreign fields and in a big way."

In 1922 Mr. Hoover was responsible for obtaining from Congress an appropriation of five hundred million dollars to determine to what extent American interests were being squeezed by foreign monopoly. In 1924 Mr. Hoover urged upon Congress the desirability of permitting American manufacturers to enter into combinations, anti-trust legislation to the contrary notwithstanding, for the purchase of raw materials from abroad. Then came Mr. Hoover's rubber outcry of 1925-1926, with which you are familiar. But it was not alone Mr. Hoover who was thus concerned. An attempt was made to have the Tax Bill of 1926 contain a provision exempting income derived from American investments abroad. The State Department has been supervising foreign investments with a view to considering the national interests involved. Presumably American investors could have investments diverted to channels which, in the opinion of the Department of State, might be more important from the point of view of the national interest.

In spite of the conditions of war time, in spite of the financial conditions surviving war time, in spite of the active program on behalf of foreign investments which has been carried on by governmental and other agencies, only a comparatively small

proportion of American foreign investments at the present time is to be found in American-controlled supplies of raw materials. That is largely because of the heavy demands upon American capital which come from other sources and which are much more attractive to the investor, as, for example, the huge reconstruction loans in Europe. However, the proportion of certain vital raw materials which are now in the hands of American investors has been growing larger. For example, the nitrate supply in Chile is now about fifteen per cent in the hands of American capital as compared with only about two per cent before the war, and American capital is still buying its way into Chilean nitrate fields. The same thing is true of tin in Bolivia, vanadium in Peru, and sugar in Cuba.

The question as to whether the future will bring increased investments in sources of supply of raw materials is a difficult one to answer. It consists of prophecy which at the best must be undertaken with very grave reservations. There are those who believe that the falling demand in Europe for reconstruction loans and the increased accumulation of "surplus funds" in the United States by reason of superior industrial efficiency will compel capital to find its way in increasing degree into sources of supply of raw materials. If the governmental policy of encouraging such investments continues, there is perhaps reason to believe that such will be the case. On the other hand, there is the fact which Mr. Schneider emphasized last night, and that is that American business men are exceedingly hard-headed. In some cases they do not conceive the national interests to be quite their own interests. They view independent sources of rubber supply, for example, purely from the point of view of the return they may expect upon their investment, not from the standpoint of control of such materials during time of war.

There is, however, something to be said of another aspect of the question which is not so prophetic and not so problematical, and that is this: If it be true in the future that increasing amounts of American capital will find their way into sources of supply of raw materials controlled largely or exclusively by Americans, it will certainly be true that such investments will meet with powerful resistance from a variety of sources. In the first place you will have politically weak



countries like Mexico which, fearing the international complications of foreign investments within their borders, will proceed to adopt legislation hostile to such foreign investments. Indeed, as far as Mexico is concerned, such legislation is no longer a probability; it is a fact. And Mexican nationalism will be heightened in proportion as American capital with governmental support finds its way into Mexico.

Politically developed countries, like Canada, fearing the depletion of their natural resources by American investors, will proceed to adopt legislation in the form of export taxes or embargoes upon the shipment of such raw materials outside their own borders. Indeed, as far as Canada is concerned, that is not a supposition; it is already a fact. If such a policy be pursued by Canada and other nations, it will involve not the importation of raw materials into the United States from abroad, but the migration of American industry from the United States to the foreign countries concerned.

In the third place there will be resistance from highly industrialized nations like Great Britain with colonial empires from which they wish to draw their supplies of raw materials. Such resistance will not be without justification. The British may argue that if it is legitimate for us to keep British goods out of our market by a protective tariff, it is proper to keep American capital out of their territories by any legislation which they may see fit to adopt. And if they do adopt such legislation it will become increasingly difficult for American capital invested within the British colonies to carry on its work successfully.

Even in those areas which are under American political control powerful resistance will be felt. It was discovered, for example, by American rubber manufacturers that the proposal to turn the Philippines into a source of supply of rubber was one which the Filipinos were not prepared to accept. American investments in rubber plantations obviously would constitute a reason why the Philippines should not be released from American economic and political control. In addition, such rubber plantations would involve breaking down, first, land legislation designed to protect the Filipinos from foreign ownership and, second, labor legislation designed to protect the Filipinos from coolie labor.

This will leave to the United States as a free field only those areas like Liberia, which can forcibly be brought under American control if necessary. This, after all, is the problem of imperialism which Professor Moon has been discussing.

How are you going to approach this problem of raw materials if it cannot be successfully approached on the lines which have been suggested? It is trite to say that this is an economic rather than a political problem. But it is true nevertheless. In proportion as this is made a political rather than an economic problem it becomes impossible of solution. The policy which the Great Powers have been pursuing up to the present time is not merely a problem of imperialism, narrowly defined; it is a problem of mercantilism. It is a needless complication of international politics which distributes around the world a considerable amount of political dynamite likely to go off at unexpected times and with disastrous results.

An experiment of some interest is the development of international consortiums for the exploitation of raw materials. There has just recently been consummated one of these international organizations under the name of the Turkish Petroleum Company. After deliberations extending over several years the Turkish Petroleum Company is now definitely established. It was organized as a British corporation but is hereafter to be an international corporation in which British, American, French and Dutch capitalists are to be interested. Twenty-five per cent of the capital of this corporation is to be in the hands of the Anglo-Persian Oil Company; twenty-five per cent in the Royal Dutch Oil combine; twenty-five per cent in the hands of sixty-seven French companies operating as a unit; and twenty-five per cent in the hands of six large American corporations. This international consortium will take the oil out of Iraq and deliver crude oil to the Mediterranean seaboard, where it will be taken up by the respective companies and refined under their own auspices. It is not an exaggeration to say that an international consortium such as this will operate on behalf of political stability in the Near East and will tend to make the American government less critical toward the British administration in Iraq than heretofore. The settlement of this controversy will doubtless bury the boggy

a secret British or Anglo-French conspiracy to keep American oil prospectors out of the Near East.

In a sense, of course, the problem of raw materials is not peculiarly an international problem. It is a domestic problem as well. Every manufacturer in the United States is concerned with a cheap, a secure and a steady supply of raw materials. Occasionally a manufacturer, charging discrimination, is obliged to build up his own independent sources of supply of raw materials. Mr. Ford is, of course, an outstanding illustration; he has built up an industry which is substantially self-sufficient.

But the domestic problem of raw materials is never a problem involving civil war. It is controlled by laws which define unfair competition. There is adequate machinery to enforce those laws and to inflict punishment upon those who flagrantly violate them. There is, of course, a striking difference between the domestic problems of raw materials and the international problem of raw materials. Whereas the domestic problem is defined by well-established ethical and legal standards, the international problem and its political implications, without such ethical and legal standards, are distinguished by a total absence of agreement and law. In the domestic sphere, to be sure, you have frequent departures from the standards of fair competition, but you do not have to resort to economic and political barbarism in the solution of difficulties or in the punishment of the offender.

Mr. Culbertson, in his book on *International Economic Policies*, has suggested that it is quite within the realm of possibility to develop a code of international economic practice which will define unfair competition; that ultimately it will be quite possible to establish international judicial machinery through which manufacturers, regardless of nationality, may appear as individuals and not as representatives of a particular country for the purpose of enforcing their rights and for the purpose of protesting against discriminatory treatment.

To all of this objection will be raised that it is very well in time of peace but that all standards will break down in time of war. Such an objection is an example of that reasoning in a vicious circle which is a principal obstacle to international

progress. It fails to take into account the fact that competitive striving for sources of raw materials is, in turn, one of the prolific causes of war. So you come back to the fundamental proposition, that in so far as we predicate international policies upon the war system we may as well reconcile ourselves from the start to self-inflicted defeat. Unless we are courageous enough to strike out upon the supposition that law can be substituted for the war system we certainly shall get nowhere.

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## POLITICAL CONTROL OF RAW MATERIALS IN WAR AND PEACE<sup>1</sup>

L. L. SUMMERS

Consulting Engineer; formerly Technical Adviser, American Commission to  
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Chairman, War Industries Board in Europe.

SINCE the addresses of Dr. Earle and Dr. Moon have so thoroughly covered the general aspects of raw materials, and so many of the details have previously been discussed at this round table, I hope you will permit me to comment on some of the points raised, rather than bore you with repetition.

I was impressed with that expression of Dr. Earle's—"pathological nationalism"—which seems to cover a great many things, good and bad, and is epigrammatic. We inherited a maternal grandmother—very wealthy—and the grandchildren were very daring. They had inherited a great deal of grandmother's wealth. Some of those grandchildren belonged to a very hardy race, the Scotch race. The Scotchman is the greatest colonizer the world has even seen. The principal fact about the Scotchman was that, while he was loyal to Scotland and to the British flag, he went into every country of the world and he didn't try to make Scotchmen out of the natives. He married a native woman; nothing in the society that he went into disturbed him in the least. He proceeded along his own way and modified, just as he wanted, the things he wanted, and left everything else alone.

A most conspicuous illustration of that is the Hudson's Bay Company of Canada. You did not have Indian warfare in the Canadian Northwest, because the Scotchman was there. He treated the Indians honestly and won their confidence. We had our wild western situation with its desperadoes, its bandits and its train robbers. Why did not these men, after perpetuating some crime, cross the border and go into the great wilderness of the Northwest? A man could not enter that

<sup>1</sup> Informal address delivered at Round Table No. 9.

wilderness without his movements being known within forty-eight hours. If the Northwest police wanted a man they sent out a call for him—every guide, every trapper was a part of that system. It is a most astonishing example of policing a wilderness with a small number of very efficient men. It was a case of pathological nationalism. It was utilized in another country. It is an outstanding example of peaceful penetration.

The subject assigned me is "Political Control of Raw Materials in War and Peace." In peace there is a greater production than can be conveniently utilized, while in war you are unable to meet the demand for those same materials. That makes a very fundamental difference.

We have talked much of government in business. The war developed some very peculiar sociological tendencies. The man-power of the nations at war was assembled. Those who went to industrial works received large wages and indirectly got their money from the government. A large part of the population was represented in some war activity involving a remittance from the government treasury. This support developed unconsciously a form of paternalism, a reliance on the central government and a tendency to appeal to that government for every kind of domestic difficulty. Unfortunately the political elements in a nation are usually not familiar with the practical limitations of paternalism. We face therefore an era of subsidy-seeking and some peculiar interpretations of fundamental economics.

The statement I made last night in regard to the price of wheat was challenged.

In general the peace-time movement of raw materials involves some interesting phases of the law of supply and demand. Take cotton for instance. Galveston is the great cotton port of the world. The exports from Galveston exceeded those from New York, and for the past years about five hundred and fifty to six hundred millions of dollars in cotton annually left the port of Galveston for foreign ports.

Manchester and Bremen were the two great central buyers' markets before the war. The cotton quotations of Liverpool reflected the world prices, and estimates were made of the amount of the cotton crop, the acreage planted, the condition of the crop and hence the possible supply for the year. Prob-



able consumption was also estimated and endeavors were made to study what the future prices—technically termed “futures”—would be. It is unwise for a great consumer in Manchester or a group of consumers to allow fluctuating prices in a world market to entirely determine the cost to them, though they realize the crop of the year and the estimated market for the year will govern the price.

Let us see what industry does to step in and modify, as far as possible, the law of supply and demand. Mr. A's bank at Galveston—he was the agent of the Manchester buyers—would start the early spring planting season by asking for a remittance in advance from Manchester. The local banks through Texas, Oklahoma, and the great cotton region would receive deposits from Mr. A. The local bank would go out to the cotton grower, the small grower, and in some cases to the local storekeeper, and say, “Jim, you advance money to these fellows that we bought from last year. Here is a list of fellows; we know they are reliable. If they want any money or if they want stores and supplies, furnish them with what they need and take their notes and charge it against the crop.”

Consequently, Manchester owned cotton in the ground before it was grown. The price was agreed on in advance so that the consumer was independent of the eventual figures of supply and demand and of the world quotations. He was buying his cotton below the market price and at a fixed price.

You can see, therefore, that there are ways of tempering and regulating supply and demand. Those are actual expedients that are resorted to. The rigid economists cannot see details; they are gradual developments. They are not planned by any one man. They are the outgrowth of necessity.

That method of purchasing would indicate that America had a chance to protest against British capital coming in here and controlling a portion of our cotton crop, over which we had no say. Probably if any one had thought that it was possible for a foreign power to come in here and control some of our planting and control what should be done, a hullabaloo would have been raised. But the system created no disturbance. It was a godsend to everybody. If some of these growers had gone to the local bank and asked to borrow money, they would have been told, “Your credit is no good,”

or, "We will charge you twenty-five per cent interest and take a mortgage on everything you have." They had a gold mine! Their beneficent grandmother was including them in her remittances. That was a very charitable thing to do for the poor planter. It was a very effective thing to do for the Manchester and the Bremen cotton manufacturers; and yet it would have met with very serious objection had political Washington thought of it.

We used to get our rubber from Brazil. The Pará rubber carried the highest quotation in the rubber market. The native went out into the forests, into the jungle, on his own account and located his rubber trees, tapped them, collected his sap, evaporated it and carried it to the nearest trading post, where he negotiated. They would reduce the price of his rubber because of impurities—mud and bark and various impurities—and the post trader would bargain in that way. Then the products would be assembled at shipping ports and go down the river.

Some of the natives would be disgusted and decide it was easier to lie around in the sunshine than it was to go off into the jungle. Moreover, when they got prosperous they decided they would not go out because they had made enough. It occurred to some wise men that that was not an infallible supply. It was courting disaster. At that time rubber and hard rubber were used in toilet articles and instruments, but the greatest use was for the insulation of electric wires and cables. As that developed, Pará rubber sometimes reached the price of four dollars a pound. But we did not hear of any international agitation.

Then there came a great industry—the making of automobile tires. There was a question as to whether horse-drawn carriages would ever be supplanted by horseless carriages. But the industry grew and grew and great manufacturers decided to embark in it.

The most singular thing is that no industry in the world with which I am familiar would have invested hundreds of millions, even billions of dollars, and not have provided itself with an adequate supply of raw materials. One of the first things an engineer does in investigating an industry is to study the natural advantages and see whether you have everything that

is required—where you are going to secure it, how you are going to transport it, what the present rates are, and what the chances are of the rates changing. But here was an industry that just kept growing, and growing, seemingly indifferent. The automobile industry could not possibly have been developed except for the foresight, the originality and daring of a lone Britisher off there in the jungles of Brazil.

He said, "Why this is perfectly hopeless! They are laying the Atlantic cables and they used up everything we took in last year. If the natives don't go out the supply will be so uncertain we won't be able to provide it again." So he began to assemble the seed of the rubber plant of Brazil. He knew if the government were informed there might be a question as to whether that seed would ever leave Brazil. But he succeeded in getting his precious seed to England, and in the botanical garden of London the rubber tree of Brazil blossomed and they took some of the seed to Holland for the botanical gardens there. One day it dawned on some one to take some of this seed from London and plant it in Malaya. And there started that rubber industry.

It takes six or seven years to develop a rubber tree. Probably in five years you may get about a ton of rubber to fourteen or fifteen acres. After maturity that figure is reduced to something like a ton of rubber to four or five acres.

Remember that in this daring move Americans took no part.

The automobile industry had a sudden collapse in 1921. The rubber plantations of the Malay Straits recognized that a great slump had come and the British Government planned the restriction known as the Stevenson Act. But they made an offer to our manufacturers on a five-year contract, hoping that would average up and enable them to keep the cream of their plantations in production, because plantations return to the jungle very rapidly. We declined that offer for the simple reason that our shrewd traders said: "Rubber is falling and falling rapidly. We can buy all the rubber we want".

But the situation continued only for about two or three years. The huge demand for rubber, when the automobile industry came back, caused a large advance in price, and the international speculator, always present, seized the opportunity and that created the international situation.

Turning to war control of raw materials you are faced with some peculiar problems. From an economic point of view, some of the situations involving the purchasing power of gold and the necessity of resorting to barter were particularly interesting.

On the advice of Gustav Cassel, the great economist of Stockholm, the Swedish Government took a very unusual stand. They embargoed the importation of gold. They wanted no more gold in the country because it became a basis for expanding credits. The American dollar was worth only fifty cents in Sweden, Holland and Spain, and for anything you purchased you just paid double. It was impracticable to deal with these neutrals on this basis. It was decided that the simplest thing to do would be to petition the Swedish Government for a loan, as they had a surplus of funds. So the United States Government borrowed five million dollars from the Government of Sweden for five years, payable in gold. Sweden seemed to ask no questions. They supposed we wanted a loan because we needed money—everybody else did—but we did not wish the money for that purpose exactly. It was deposited in the Bank of Sweden and everything purchased in Sweden was paid with a Swedish check at par.

We wanted mules from Spain. Pershing needed some forty thousand mules for artillery. The Germans were very strong in Spain and the small Spanish farmer who owned the mules did not want to part with them. The embassy and the military attachés found it impossible to deal with the Spanish farmer. We had heard rumors that the olive orchards were suffering from lack of fertilizer. They needed some nitrate and we controlled the nitrates. The Spanish orchards were gradually fading away and so our emissaries entered Spain and traded sulphate of ammonia for Spanish mules, and those mules started moving over to the French front. Gold was useless but sulphate of ammonia was a crown jewel.

In dealing with South America a number of years ago, we had a very shrewd sales manager. He took from Cuba a Spanish-American of charming presence and of good birth and education, and after a number of conferences he said he would like to spend three or four months with letters of introduction in the territory that this American corporation was to

enter. So he went down and with his letters of introduction he visited through the country. He went in and visited as a guest. Then he sent in a request for the best salesman we had who could speak Spanish. He took this salesman with him and returned to the houses where he had been a guest and introduced his friend who was representing an American corporation. The gentleman who first was a guest at the house was, you see, an employee of the corporation. His method of approaching these Spaniards was to meet them socially and not on a matter of business. He could guarantee the friend he was introducing—he would personally guarantee him. The friend was very solicitous as to what these people wanted and consequently the orders came to this country for so many baby carriages and baby cradles, and so on, that the purchasing department of the corporation had to open a new department to deal with domestic articles in order to sell machinery in South America. I doubt if a government, looking only at the sale of machinery, would ever realize that baby carriages and comforters and family clocks and articles of that sort might be more effective than gold in some cases.

Industry readily adopts systems of bartering, recognizing that gold is not the only medium of exchange. It is less easy for governments to barter, and, in general, government control, whether in war or peace, lacks the flexibility and adaptability to which industrial control is accustomed.

## DISCUSSION:<sup>1</sup> POLITICAL AND FINANCIAL CONTROL OF RAW MATERIALS

DR. E. E. SLOSSON:<sup>2</sup> As Professor Moon<sup>3</sup> has said, there are different angles from which you can discuss this question of imperialism. I look at it from a different angle because I was born in a place in a country that was one of the products of imperialism.

I was born in Kansas, in what the professors of that time put down as the "Great American Desert" and what is now a great harvest field. I was born in a territory acquired by the Louisiana Purchase, which was opposed by the economists and the financiers and the statesmen of that day. William Cullen Bryant attacked the proposed purchase of this territory as absolutely worthless—William Cullen Bryant who was afterwards editor of the New York *Evening Post*.

Each step in the extension of the United States has been carried in opposition to the "down-Easters" who have exercised all the power of commercial interests, all the power of political interest, and the power of professorial classes to check it.

From my viewpoint, much of what seems to some people imperialism, seems to me merely gumption. I am afraid I shall have to confess I come of a race of practical imperialists. They used to be called pioneers in other days. My grandfather came into this New York wilderness and chopped down the trees to make a farm here. And he and his fellowmen established a little community, in the same way that my father forced his way out upon the prairies of Kansas, for two reasons: One was to make that a free soil, and the other was to make a home for a New York girl that he loved. He and the other young men of that type of practical imperialists accomplished their purpose, and I am glad they did.

<sup>1</sup> Open discussion following presentation of papers at Round Table No. 9, May 13, 1926. For papers at this session see pp. 180, 188, 197.

<sup>2</sup> Director of Science Service, Washington, D. C.

<sup>3</sup> See p. 180.



So when I hear my friends in New York talking about the congestion of the slum district, I point out to them, or try to point out to them, that the difficulty is simply that the slum-dwellers prefer the slums instead of the abandoned farms that are lying all about them. There are lands to be given away. They do not have to be cleared as my grandfather had to hew them out by hand from the primeval forest. A man has only to go out and take them if he is willing to work hard enough to make a living there.

I am sorry this is a personal talk but I have some personal feeling when imperialists are attacked as conspirators against the peace of the world. Some of my ancestors came across in the Mayflower. They were not real-estate speculators. They were not subsidized by the government. In fact, the government tried to keep them out. You will find the same thing all the way through. I am surprised Professor Moon did not mention Alaska in his list of the unsuccessful speculations of imperialism, that being almost as good a speculation as the purchase of Louisiana. Alaska pays every year four times its original cost.

I do not want to flatter the Australians, but I venture to say that Melbourne and Sydney are better places to live in than any that the blackfellows could construct.

I hear in the East a good deal of criticism of the way in which our western coast was obtained, criticism of the Mexican War. I do not find, even in the most pronounced anti-imperialists of your section, any objection to inhabiting a bungalow in California, or to looking at the motion pictures that are produced in Hollywood; whereas some of my ancestors who were Abolitionists refused to eat sugar and refused to wear cotton clothes because they were produced by slave labor. I should like to call upon those persons who criticize the method of the spreading process they call imperialism, and those who wish to put a stop to this moving tide at the present time, to show some of that self-denial and sincerity that was shown by the early Abolitionists. Let them stop eating pineapples that come from Hawaii and listening to the ukelele!

Hawaii is not the result of a real-estate speculation. The missionaries who went there first were not subsidized by the government or by the capitalists. They were sent there by

the pennies of Sunday school children. Liberia was another philanthropic enterprise. I do not know whether Mr. Firestone is going to make any money out of his rubber plantations in Liberia—I do not know whether he will benefit by it—but I know Liberia will benefit by it, and I know the entire world will profit by it, because, as Professor Moon very properly said, whatever may be the motive, however ruthless may be the means by which imperialism is carried on, the benefit does not go to a single nation but goes in the future to the entire world.

That is a fine thing about what is called imperialism. I don't exactly like the word. I cannot remember at the present time who is the Emperor of the British Empire, but the same processes, as Professor Moon pointed out, are common to republics and monarchies, to democracies and soviet governments. It is, as I see it, more a process of cleaning up waste places of the earth—the same sort of process that takes place in a certain stage in the development of a municipality where the people realize that there are a lot of vacant lots in the town that are not growing anything and look very bad, and that there are certain slums that are centers of disease, and they clean up these slums and convert the vacant lots into parks or gardens and make them productive of good to everybody in the community.

That is what is going to be done, in spite of anybody, for this world as a whole. The vacant land is going to be cultivated for the benefit of the entire community, and the plague spots—like Panama which was a center of disease for the entire world, spreading yellow fever—will be cleared up.

So what is called down East "imperialism," or the "conspiracy of capitalists," looks to me like the age-long struggle of the pioneers against the politicians, the professors and the plutocrats.

DR. ISAAH BOWMAN: While agreeing entirely with the whole philosophy of Professor Slosson, I can yet differ with him on one preliminary detail that he mentioned. In his opposition to the theories of the professors he was led so far as to say that it was they who wrote the term, the "Great American Desert," across the map; and I rise to the defense of the pro-

fessors, one of whom I once was but now am not. It was Colonel Fremont, explorer and soldier, who wrote that historic phrase across the map, and if the professors had anything to do with it, it was only to perpetuate that name.

MR. BENJAMIN B. WALLACE:<sup>1</sup> I will try to be very brief, but we ought to have some of the American side of the rubber situation. The British side has been rather fully and ably presented. Even a group of intellectuals, trying to be perfectly fair to foreign countries, should also consider the point of view which is apt to become dominant among the consumers, among the people as a whole.

The British rubber control is defended, first of all, on the ground that the rubber industry was about to disappear. Industries seeking special favors are apt greatly to exaggerate their difficulties. The rubber companies had been making profits of about twenty per cent on the average for fifteen preceding years. They had, or should have had, abundant reserves. They knew too much rubber had been planted in and after the boom of 1910, and that overproduction was sending the price down in 1919 when other prices were shooting up. The *Daily Telegraph*, of London, has brought out the fact that there had been no failures among the rubber companies before the restriction scheme went into effect. There were a few consolidations and reorganizations, but the rubber companies were not so desperately off as they have been represented. Their great prosperity before the war had naturally resulted in considerable laxness, and they were able to cut down their costs of production very materially. Department of Commerce figures show average costs of production in 1922 as only three-fifths of the costs in 1919, that is, economies amounting to forty per cent. Language such as we have heard, for instance, that the planters "hoped to keep the cream of the plantations in production" and "they saw their huge investment jeopardized," is quite unjustified. The Annual Financial and Commercial Review of the London *Times* for February 10, 1925, reviewed the situation in part as follows:

When restriction was introduced, a number of companies—forming a comparatively small percentage—were on the point of falling out of pro-

<sup>1</sup> Institute of Economics, Washington, D. C.

duction, owing to the unremunerative price of rubber. This group was comprised of the smaller and less efficient, badly financed, and economically weak companies—largely the inevitable legacy of "boom" conditions come to an end.

The flexibility of the scheme has been put forward constantly as justification for it. It was a moderate plan. The price was to be stabilized around thirty cents, with thirty-six cents perhaps as a sort of maximum, but the flexibility of the scheme was criticized at the time it was put forward. Our business men went over and tried to obtain a greater degree of flexibility. They pointed out that there was no guaranty that a sudden increase of demand would not send the price up, since the quantity exported could only be increased slightly every three months. The British seem to have been satisfied that the flexibility was sufficient for plausible argument; at any rate, they knew there was a large supply on hand, that there was likely to be no immediate shortage. They may have foreseen a shortage a couple of years later, they may have hoped for it; they certainly did not take the trouble to put in two or three more lines in their legislation, such as, "If the price goes to two shillings, the amount released shall be increased by twenty per cent." A few strokes of the pen would have made the provision flexible enough to meet the demands of American consumers, but it was not done.

It is said that the rubber control is justified because we are faced with a future shortage of rubber. The shortage is quite speculative. All of the estimates which I have seen, if adjusted on the basis of the economies that have been effected in the last year, of the increase in the use of reclaimed rubber, make this prospective shortage, this terrible bogey, disappear entirely.

We are told that the scheme is an ineffective scheme, that it has been beaten by natural forces, as is shown by the fact that the Dutch percentage of the total plantation rubber output has increased and the British decreased from seventy-two per cent to fifty-three per cent, and so on. Of course, if you limit your output the other country's percentage goes up. Some even talk as if the Dutch percentage had gone up only *because of* the present scheme. They do not say, when they call attention to the fact that rubber is a seven-year product, that the in-

crease of the Dutch production, except for a limited amount that was due to increased tapping, was due to plantings which were made before the scheme started, whose product would have come on the market in any event. So far as I can see, the scheme has been a great success.

I think you will find that the next time—if there is another time, and there probably will be—when the rubber growers are in relative distress they will resort to restriction of output more quickly and less reasonably. I think there is some chance that the next time the Dutch will cooperate in the restriction scheme. It seems to me that it is a conspicuous example of successful exploitation by one government of the consumers in another country—primarily in another country—and that it is one of the chief object lessons which will contribute to the progress of the development of monopolies, national and international, private and governmental.

DR. WILLIAM MARTIN:<sup>1</sup> There has been, this morning, a good deal of talk about imperialism, and especially French imperialism. I am not here with the thought of defending France. I am not French myself and I belong to a country which is not suspected of having any kind of imperialism. But I would like to ask the Chairman whether he does not think, under the present circumstances, some kind of colonization is necessary for Europe, because Europe is very much indebted to other countries, and especially to this country; and I think the debts can be paid only if a country has a favorable balance of payments.

As Europe has, on the whole, very few raw materials, she must import a great part of them. The only way to increase, to better the balance of payments, seems to be to have raw materials, and for that purpose to have some colonies and some resources in other continents.

That is why, not being a colonist at all as a Swiss, I think that the present moment is perhaps not a very good one to criticize the colonial policy of some European countries. I think it has become, in the last year, a vital necessity for them.

CHAIRMAN MOON: If I may be permitted, I will take just a minute to reply to that. I have looked at the colonial figures

<sup>1</sup> Editor, *Journal de Genève*, Geneva, Switzerland.

with some interest, with just that point in mind. It is a contention that is made frequently in French circles as well as in others. It has been made in British circles. If you look at the balance of trade between France and her various colonies you will find it is by no means the general rule that the balance is favorable to France. The colonies do not all contribute to a favorable balance of trade.

As for helping to pay the debts, there is not only the question of that balance of trade, but there is another very important question. The essential thing is that France has been investing huge sums in the French colonies, and the very imperialism to which they are now looking as an aid in paying their debts really constitutes a tremendous demand, if it is properly met, upon their reserve of capital. Instead of increasing the capacity of France to pay her debts, it operates in just the opposite fashion, so far as I can see.

If I may take just a minute more, Dr. Slosson compels me to vindicate my ancestors. My great grandfather lived in a log cabin on the frontier, where the chief cause of baldness was the tomahawk. Like Dr. Slosson, he later returned to the effete East. Owing to that circumstance I was not born out in the "Great American Desert," as otherwise I probably would have been. But, being descended from these "gumptionous" Westerners, I think we can agree that "gumption" is a good thing, and that imperialism has accomplished some admirable results.

I did not mean to imply for one minute that it is not a great boon to have the reserves and the resources of the world increased. The only question is how you do it. My point is that the present sentimentality about imperialism has led us to try to get the things we want in ways which were not effective. We have gotten too much of war, too much of navies, too much of high taxes. We have laid waste the garden spots and industrial centers of Europe in our rivalry to clean up jungles in Africa. In some of the colonies in Africa, let me add, populous villages have been wiped out of existence by ruthless exploitation.

The attitude toward imperialism that I wanted to advance was simply that we should look at the facts and choose intelligent means to get precisely the things we want instead of the things we do not want.



MR. SUMMERS: I should like to interject just a word. I happen to be the ninth generation in America from pioneering gentlemen. I have not entirely forsaken the gumptious West, though fortune has led me rather far away from the place of my birth.

I think Mr. Slosson agrees that in these statements regarding imperialism we do not in any way cast any reflection upon peaceful penetration. The pioneer is the artist of peaceful penetration. I cited the Scotchman as an example of that. He is not alone. He has forebears in this country and they are very active and have inherited many of his traits.

I take exception to the governmental attitude, the attitude of the Department of Commerce and its distinguished Secretary, on this situation of rubber. I think I have heard more economic fallacies, or what I consider economic fallacies, emanate from the defenders of that government policy than I have ever heard emanate from the government before.

I heard last night that the distinction between the Stevenson Act and the protective tariff of America was that America excluded Great Britain from the markets of America but not from the markets of the world, and the British could therefore dispose of their excess products in the other markets of the world. I have not heard that Great Britain has endeavored to prevent the planting of rubber in the Dutch East Indies, Liberia or the Philippine Islands. I think she recognizes that there are other growing regions of the world that you are free to enter. I fail to see the analogy.

I beg to say that I, for one, couple the restriction act with the increase of production of the Dutch East Indies in the same sentence. The Malay pirate has become a rubber bootlegger. A great deal of increased output now coming from the surrounding regions was grown in the Malay country and was shipped from the surrounding regions much as we get Scotch whiskey into this country. That one element alone would indicate that the sudden growth of the Dutch production is impossible to reconcile with the time required for the maturity of the rubber tree. So much for rubber.

On the general subject of raw materials, both speakers have indicated that it is necessary to have vast financial support in developing a new region. You heard Mr. Brookings say last

night that pig iron from India was coming to this country. The Bethlehem Steel Company is bringing the greater part of their iron ore from Chile, while in Nevada there are vast deposits of iron ore which are practically inaccessible to transportation. Transportation, then, is the fundamental element in connection with the production of raw materials. But there is a second element which has to do with science and which is leaving a deeper impression on the whole subject of raw materials, to my mind, than any other. It is the fact that very ingenious means are being developed to concentrate these raw materials.

We have heard much about the phosphate rock of Tunis. The phosphate rock, you understand, carries a very large percentage of ordinary limestone. It is not all phosphate. In order to release that phosphate they employ the electric furnaces or treatment with sulphuric acid. There is only about sixteen or seventeen per cent of the plant food available after treatment with sulphuric acid. The difficulties with the Tunis phosphate are becoming more definite because of the fact that Americans are more and more concentrating the phosphoric content of their phosphate rock and shipping to Belgium from the western phosphate deposits a concentration of forty-two to forty-eight per cent, where it is only possible to obtain seventeen per cent in the ordinary treatment such as they use in Belgium.

Is that true of most of our raw materials? Chile has become a tremendous producer of copper by utilizing low-grade ore and concentrating it into copper metal. As you are able to treat these lower-grade materials and to concentrate them, the distances are diminished and you are able to put them in the markets of the world, where, if you tried to ship in the crude form, you would not be able to find a market in any place, local or otherwise.

MR. CHARLES C. BATCHELDER:<sup>1</sup> I was in the Far East at intervals from 1916 to 1923 and I happened to be on the spot when the acute period of depression was in existence. The facts are these: In the first place, twenty per cent profit is not

<sup>1</sup> Lecturer on International Relations, New York University; Secretary, the American Asiatic Association.

a high return for the Far East—thirty would be relatively small. There were no reserves of capital. Perhaps they should have had large reserves, but they did not. In order to keep the plantations in bearing you must continually cut down the weeds and vegetation. You must cut out the diseased trees. There is a great deal of labor that must be used all of the time. The plantations did not have the funds to pay their labor. Whether they should have had is another matter, but they did not. They were faced with the prospect of having their labor desert them. I was in one plantation after another where the labor—Chinese and Indian—was actually leaving. The planters could see no reason for prices to go up. There was on hand in various places about a year's supply. They were faced with a perfectly definite crisis with no reason for supposing there would be any improvement.

The Stevenson Law was passed to prevent the utter wreck of the rubber industry, not only in British Malaya but in the Dutch East Indies and other places. The object was to raise the price to a point where the production could continue. It was quite evident that otherwise not only no new plantations would be laid out, but the old plantations would go out of bearing, because they would not be tapped and because they could not keep down the weeds. As a matter of fact they have not secured what you would call a fair average rate of return for fifteen years, and the recent high prices did not go to the planter but to the speculator.

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## DISCUSSION: THE SITUATION AS REGARDS RAW MATERIALS<sup>1</sup>

MR. L. L. SUMMERS: It is interesting to me to discover that the pulp men, the newspaper men, the newspaper print men of this country are departing from a spirit of isolation. Throughout this country we hear this doctrine—we want nothing to do with international relations—and their own door is being caved in as a result of that spirit.

We speak of the attitude of retaliation on the part of Canada. For years and years we have practised exclusive tariff protection, practically having the effect of embargoes. I am not speaking in a spirit of controversy, for I care nothing about the tariff regulations except the injustices that are perpetrated under that name. We suddenly find that we are dependent utterly on foreign countries for the necessities of life and we sit here and plan some measure of retaliation on them. It is their retaliation on us and I am very glad to see them exercise it. We have tried for many years to awaken a spirit of cooperation, to anticipate this and avoid the situation that has now developed. Our words have fallen on deaf ears. I speak very familiarly on the pulp situation. As an engineer I have built pulp mills, both chemical and wood pulp and for print purposes.

A natural situation is that when you create in this country a standard you are up against a very severe proposition. The idea that Canada should throw her crown lands open and allow you to rob them as you have robbed the forests of this country (and at the same moment you have taxed the land that you have denuded at such a rate that you can not reforest it) is utterly impossible. It is simply insane economics! If any industrial leader endeavored to run his business the way we are running our government he would face ruin and would liquidate in bankruptcy.

Now it is pretty nearly time that people awaken. I hope

<sup>1</sup> Informal discussion at Round Table No. 6. For papers presented at this meeting see pp. 145, 159, 168, 175.

they put the screws on the newspaper men until the newspaper men will wake up and decide whether they want to remain isolated or whether they believe they have some relation to this world. The four hundred millions that you are shipping to Canada is not an iota of what you are going to ship to the other countries of the world, and they have got fifty years to reckon for—back interest and back capital that you have extracted from them. They are perfectly justified in the attitude they have taken, only I hope they will continue their measures until we wake up in a spirit of cooperation.

It is utterly insane to denude the Canadian forest, the last reserve of forestation on this continent in the same insane way that we have denuded our own forests. The bonfires! I am a mill man and I have lumbered also and we have burned stumping. We make no adequate provision for forest fires; we have amateurish protection. The airplane is doing some work, but millions and millions of our northwest lands go up in smoke every dry season and we consider it an act of God or some catastrophe like an earthquake; it just has to be.

The previous speaker<sup>1</sup> has my sympathy, because I am frank to admit the pulp situation and the print situation is very desperate. But it is childish to sit up here and shake a rattle and talk about it, when you have been the instigators of it; you have been the perpetrators of it; it has been plain to you for twenty-five years. I have made it plain before boards of directors of our paper mills, and all one gets is a laugh. You cannot talk of retaliation from our standpoint. You must talk of retaliation from the Canadian standpoint.

I do not feel that the situation is so desperate as the speaker has indicated. We try these ethical experiments in America. We calmly close down a whole industry. It doesn't make any difference what it costs; that is immaterial. We decide to go on some wild campaign here shutting down the pulp industry and shutting down the newspaper industry. It means nothing from a governmental standpoint; the politicians are not fundamental economists. You must consider that the first step of putting pulp wood through a process of manufacture in which you make your wood pulp is only a step. The first step has not only been the migration of the mills to Canada; we still

<sup>1</sup> Mr. Frederic Hume, see p. 175.

have a great deal of our chemical pulp wood here. But you have got a second step—converting pulp into newspaper print. There is no reason why you should not go a third step—do the printing in Canada. You face that just the same as you face these other steps and your only remedy is to wake up and declare whether you believe in international cooperation or whether you are going to practise isolation. You cannot pyramid the restrictions of this government and create an oasis here and expect it to continue to bloom if the other fellow has the water that you need. It is useless, also, to prate about going to Washington and say you hope that you will not have to raise the tariff. There are other people in this country who are going to wake up and tell you that there is a limit to these restrictions and there are greater industries than the pulp or the newspaper print industry that will suffer.

I am not speaking in a partisan sense. As I say, I extend to the wood pulp industry my deepest sympathy. I have cooperated a number of times in trying to work out their difficulties. But the situation requires a cold-blooded analysis and not partisanship or rushing to Washington to get a further subsidy and a further protective tariff on a fundamental thing that all humanity requires. That is not a solution. So much for pulp.

You may think I am spreading over a great deal of territory, but my esteemed colleague<sup>1</sup> and I were on the War Industries Board together and I have spent many years dealing with the raw materials of the world. That is my profession.

I will touch upon petroleum. I think it was Bret Harte who said, "In tricks that are dark and ways that are bland, the heathen Chinees is peculiar." Our petroleum industry is not godless entirely, but there is a fundamental joker in the petroleum situation. I agree with all of Mr. Snider's paper;<sup>2</sup> it is statistical. Is the question, though, how much crude oil we take out of the ground? It becomes a question of what you do with it after you have taken it out of the ground. Formerly we simply put that petroleum into a still and put heat under the still, and the molecular particles passed off and condensed. That gave the light product which we now know as

<sup>1</sup> Mr. Brookings.

<sup>2</sup> See p. 159.



motor fuel. Formerly it was a drug on the market. Each of the oil fields produces a type of petroleum that differs in the amount of material you can get off in this process of taking off the light top. The general average would be about twenty-two or twenty-three per cent of the petroleum of this country, so that it would represent probably not over a sixth of the motor fuel that we really consume.

Now you can subject petroleum to controlled heat under certain conditions, and you can convert a very large percentage of the entire fuel oil into a light motor fuel. There is no reason to-day, if we were put to it, why we could not easily make eighty-five per cent of the ordinary fuels into a motor fuel. My own laboratory has run as high as ninety-two out of the best fuel oils. The general average of the Sinclair Company is sixty per cent. The Mid-Continent rose in six months to forty-four per cent. So we are facing no shortage of motor fuel, but it is very disastrous to the pocketbook of a petroleum company to admit that you could take crude that you sell in competition with coal and convert it into a product that you sell in competition with gasoline. If this were done, one might overload the gasoline market and bring gasoline down toward the fuel-oil level. That is not desirable from the dividend standpoint. There you have the reason why the government has been forced to take up this issue.

That document which Mr. Snider quoted, the American Petroleum Institute report, could not be put before the public because it was so openly challenged, and it was not used as an official document. I am prepared to challenge that document myself.

We must depart from partisanship. The laws of fundamental economics are immutable; the laws of politics are not. They change with every campaign. So it is probably desirable to stick to fundamental economics and to be dispassionate and nonpartisan. When we become internationalists I hope that will be the fundamental basis from which we will work, because from any other basis we might slip off into space and never get back to earth.

The whole question, then, of whether we face a real shortage in petroleum, is dependent entirely upon how large a percentage of crude oil we wish to convert to motor fuel. It is

not probable that fifteen or twenty years will see a disastrous shortage in motor fuel. But there is another situation which is very probable. Producing seventy per cent of the world's petroleum and importing some ten or fifteen per cent—that fluctuates—we are actually consuming upwards of eighty to eighty-five per cent of the world's petroleum. It is very desirable, from the dividend standpoint of an industrialist, to face the day when the fifteen per cent of importation may take a price dependent not on its cost of production, but possibly on export taxes or similar regulations, and when the eighty per cent produced in America will be sold to our people at the price at which the fifteen per cent is imported. That is the serious joker in the game. The petroleum companies have all been challenged now openly and definitely to state whether that is so. Is this great campaign to put in house heaters and substitute oil locomotives in place of coal intended to hasten the day when you will get this higher price for your petroleum without necessarily increasing your cost of production? Then you will be able to inflict upon the consumers of this country a very much higher price than you are to-day. My esteemed colleague worked for many weary weeks and months to discover how you could prevent the tail wagging the dog when you came to the discussion of these materials and their prices. Moreover, one has to consider the inefficient producer, the uneconomic producer. You need his production and you can not force the big fellow to sell at what would be a favorable profit to him if the little fellow cannot live at that profit. He has got to have more and the big fellow is very generous; he is willing to take the higher price for his product.

MR. L. C. SNIDER:<sup>1</sup> The point I wish to make is simply that to my mind the ideal situation would be for the United States to be able to keep up its present production of oil in proportion to its consumption, so that the price of gasoline will not have to go up until it becomes a burden on the public. There is no danger that we shall not be able to go from New York to San Francisco on gasoline for many years, but there is a big question of what it is going to cost.

<sup>1</sup> Geologist, Henry Doherty & Co., New York City. See also Mr. Snider's paper, p. 159.

MR. SUMMERS: The president of the largest company in America was forced to admit before the government that it would cost about five cents a gallon to convert the fuel oil into gasoline. Really it would be about seven cents.

MR. SNIDER: The point is that as soon as we get into the uses of fuel oil which are not competitive with coal, the user of fuel oil will pay more for fuel oil.

MR. SUMMERS: You will admit that he has first got to take the fuel oil away from the places where it is not essential.

MR. SNIDER: Oh, yes, certainly. I concur with that.

MR. FREDERIC W. HUME:<sup>1</sup> I quite agree with what Mr. Summers says. It may appear a selfish and isolated policy, but the newspapers of this country, I think, did a great favor to Canada when they took the duty off newsprint, and I think they are suffering from it now. I cannot agree with Mr. Summers that we are going to move our American spirit and our American newspapers—the life of the nation—across to Canada because the wood is there. We certainly would then be internationalists and lose our identity from the standpoint of publishing. I am not discussing the attitude of Canada today. What the Canadians have done is perfectly within their rights and should be done for the conservation of their resources, but I do say that it is not an international spirit to tax private property, property on the other side of the line, that we have paid for. Then you might as well drive American capital out. We went up there in good faith and bought those lands and leased them. Now isn't that a confiscatory attitude?

CHAIRMAN BOWMAN: Tax in what way, Mr. Hume?

MR. HUME: An export tax on the wood which we own, or an embargo.

MR. SUMMERS: You do not attempt to dispute for a moment the right of a sovereign government to levy taxation in the form that it requires?

MR. HUME: It has a perfect right to levy taxes on that which it owns, on that which it controls. If I went there as

<sup>1</sup> See Mr. Hume's paper, p. 175.

an American citizen and bought a thousand square miles of land to which I was given a title, I contend that I bought it in good faith and that any tax added to it would be a confiscatory tax on my rights.

MR. SUMMERS: And if you came to America and established a mill and were importing your raw materials, you would feel that your property was confiscated if the tariff was raised to a point where you could no longer import your raw materials?

MR. HUME: I do not look at it from the standpoint of the tariff.

MR. SUMMERS: But that is a tax in the broadest sense. We have shut down industry after industry that came to this country in good faith and started under existing laws, and we amended the laws, and they could no longer operate, and they shut the doors and went home.

MR. HUME: Don't you think, Mr. Summers, it would lead to a trade war?

MR. SUMMERS: My dear sir, I am a firm believer that we are in a trade war today; that industrial might is being usurped in just as fraudulent a manner as ever military might was, but the other nations are not the primary offenders. We are the aggressors in every phase, and we have been for years, and we sit here with this beautiful moral doctrine and practise every immorality under disguise. I am deeply sympathetic. I know the Canadian atmosphere. I worked in Canada, and I will say frankly that they never perpetrated even a worse thing than that in the original days of the war. I happened to be the autocrat on coal and the raw material of that date, and we promptly notified the Privy Council of Canada that if they cancelled their contracts on Niagara, as they had served legal notice of their intention of doing, the day that decision went into effect we would embargo the shipments of coal to Canada. She responded in twenty-four hours that she knew nothing of it. They rescinded the order and asked for the utmost cooperation with us. You could get a release by telephone and get your documents through three weeks later, but

the traffic—that is the essential commodities and the materials of war—moved back and forth because men had the power and the conscience and the integrity, and there were personal guarantees that everything that passed would be duly explained in full compliance with the laws of either country. But those laws with all their red tape did not interfere with daily transportation across the border because men whose judgment and integrity were unimpeachable were detailed to watch the traffic.

I am not partisan. It makes no difference to me about the tariff. If I see a tariff coming, I get out of that industry—get my money out, anyhow. You are unfortunate in not having done that.

Do not go into a foreign country and presume that that country has no right to legislate or to change the existing laws as it may see fit, unless you are willing to cooperate in international relations. That spirit is something that is totally lacking in our international affairs. In this respect we, beyond every other nation on the earth, are the primary offenders. We consider nobody.

Poor little Italian straw hats were coming in here. They advanced the duty here the other day to eighty per cent because somebody might wear an Italian straw hat. Who would they injure with their Italian straw hats? We have not a firm in this country that can make a decent straw hat.

It is not that Canada is confiscating property. I have talked with Canadians and I do not think that anyone is calmly trying to club us over the head.

Look at the situation in wheat—where it is to-day. A fellow that lives along the border has to go all around Robin Hood's barn to get his wheat to market, because there is an invisible barrier inflicted by government edict not considering his rights.

We might very well remodel many of our laws. There are certain fundamental tariff laws that are absolute fallacies. We speak of a bilateral tariff treaty, which in its very definition means reciprocal obligations admitted. Now we do not practise them at all, and our bilateral tariff regulations, therefore, cease to exist. We forget about them when the Democratic party comes in or *vice versa*, or somebody gets on the

Tariff Commission that needs some more protection, and if he has some friends he gets it. The economics of the thing are not considered.

So I dislike—and it is only my personal feeling—to hear an American speak of confiscation after the years that we have practised it. I say that you have nothing to complain of unless you want to appeal to the sword again, and there are a great many who will differ from you in that. You can assume a by-your-might attitude and go over there and take the Canadian pulp lands, and it might be successful, but not for many years. There is the same thing on the Mexican border. There are vast quantities of very desirable products down there that a lot of our people would like to own. A group of Westerners were in my office a couple of weeks ago and they said the United States should enter Mexico and give them a good government with the sword. I said: "That is a fine idea, gentlemen, but down here just a couple of blocks there are some very large safes and a lot of money in those safes. Why not organize an expedition here to go to Wall Street and get real money?"

COMMANDER HUGO W. KOEHLER:<sup>1</sup> To go back to Australia: It happens that I have just been down in Australia and so I saw something of what you described.<sup>2</sup> The immigration problem is not exactly what it seems. The Australians say they want a white Australia; what they really want is no immigration. Of course, this is when the Labor Party is in control. I talked to a good many of the Labor leaders, and they said quite frankly that Labor based its policy toward immigration on the single fact that when there is a shortage of labor the men get high wages. So every immigrant that comes in means there will be less of a shortage, and that therefore labor will get a smaller wage. So quite frankly, they do not want any more.

Now the agreement that you speak of was put through quite recently. The New South Wales Government then cabled to London that they did not want any more English immigrants;

<sup>1</sup> Naval War College, Newport, R. I.

<sup>2</sup> Dr. Bowman, in his opening address at this Round Table, had alluded to the problems of population and rainfall in Australia.



that the New South Wales Government was not prepared to go through with its commitment of advancing loans to stock farms etc. This action was based simply and entirely on the theory that they did not want any more competition for their own labor. The margin in labor, just like the margin in any other commodity—we will call it commodity for the moment—is very small. Any increase in available supply would send the prices up or down.

There is another question very closely related to this. The Australians cannot settle their continent with the people they have there now. They are not going to let anybody else come in. How long is the rest of the world going to stand for such a policy when there is a pressure of population?

Then comes the question Dr. Bowman brought up about patriotism being mixed up with rainfall. I think that is an exact description of it. Of course, Australia really lives now on a sheep's back, as they say themselves. They have other industries than stock-raising but many of them are working on a subsidy. As you all know, of course, the railroads are entirely government-owned. Besides, the government owns all manner of industries from brick works to sugar mills. If you visit the ministry of mines, for instance, they will tell you that the mines are making a profit of five per cent. If you ask to see the figures, you will find that the government has built the tracks up to the mines; that the government gives these government-owned mines better freight rates than the privately owned mines; that the government gives all the miners who work in the government mines free passes once a year to any place they want to go for their vacation. There is no charge on the books of the government for any of these services. They are not added to the book cost of producing coal, but are paid out of taxes. I think that is similar to the point you made that there is a great sociological experiment going on there. The Labor people agree that that is the best thing for them and so very naturally they go in for it. It has not, however, been an extraordinary success.

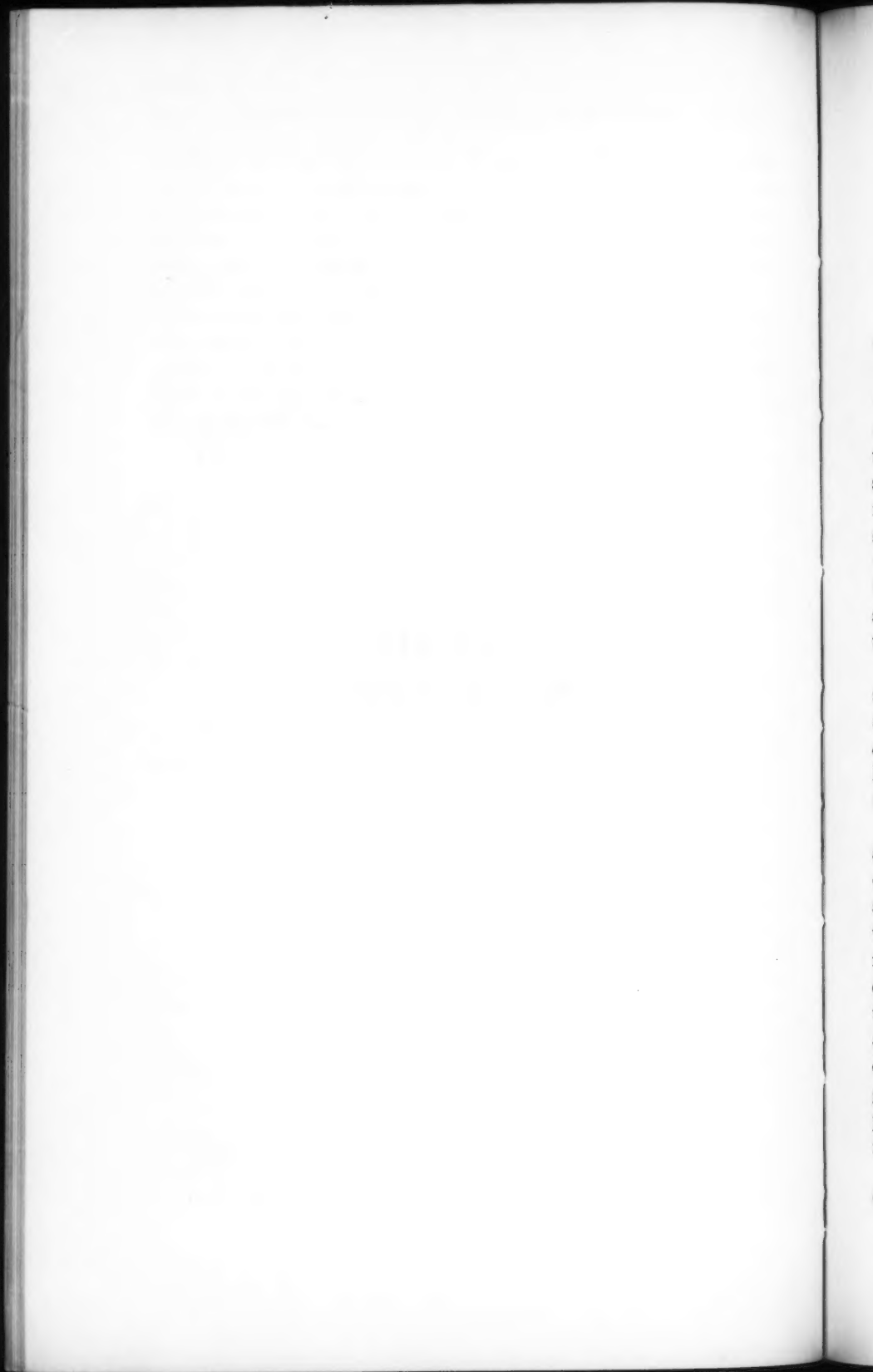
I think the first speaker on oil<sup>1</sup> was a little pessimistic about production. He knows a great deal about oil and I know nothing except the few things I have seen. However, he

<sup>1</sup> Mr. Snider, see p. 159.

spoke of the Colombian and Venezuelan fields. It happens that I have been down there very recently and the people on the ground there have an entirely different idea of their production. For instance, in Colombia they have built a ten-inch pipe, 391 miles long, and they have seventy wells up there tapped, so they are going to produce a great deal more oil, I think, than Mr. Snider figures. It is the same in Venezuela. One field I think he did not mention is the Brazilian field, about which they are very hopeful. In fact, they have wells there now, but they are not producing because there is no transportation yet.

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**PART III**  
**THE FAR EAST**



## CHINA AND THE TREATY POWERS

J. F. OIESEN

Late Danish Minister to China

IT has been represented to me that there exists a considerable degree of misapprehension or lack of comprehension with regard to the points at issue in China's claim to restoration of national sovereignty in relation to existing treaties with foreign powers and to foreign communities residing within her borders, and I have been asked to state the main points on which China bases her claim, what may be said for or against it, what is the attitude of the Treaty Power Governments concerned and of their subjects residing in China, what is the present status of the negotiations on the subject, and what are the prospective results of these negotiations.

Considering the wide scope of the subject, it will be impossible within the limits of a short paper to give much more than a mere outline of the principal features of the case, so far as *all* Treaty Powers collectively are concerned. Bearing this limitation in mind we may state the major contentions of the Chinese as follows:

The existing treaties entered into prior to the Great War are unilateral, oppressive to China and discriminating in favor of the foreigner. Specifically, resentment is specially felt against the following treaty provisions: (1) the fixed customs tariff which cannot be revised or increased without the unanimous consent of each and every one of the Treaty Powers concerned; (2) the extraterritoriality of foreigners, placing them under the jurisdiction of their own national authorities and thereby impugning the sovereignty of the Chinese Government; (3) the foreign residential Concessions and self-governing Settlements at Treaty Ports, where, although a great part of the taxpayers may be Chinese, these have hitherto had no part or voice in the administration.

Another cause of special resentment among the younger Chinese who have been educated abroad or in the universities

and mission schools in China is that the Maritime Customs Service is under foreign administration. For even though the bulk of the employees are Chinese, the fact that the senior appointments are held by foreigners and that the control of the revenue has been handed over to the foreign Inspectorate for the liquidation of China's external and internal loans appears to be particularly unpleasant to the youth of China.

Other sources of umbrage or grievance there are to which the Chinese attach great importance, but being either of a nature that calls for direct negotiations between China and one or another single government, or appertaining to the pursuits of individuals or groups of foreign residents in China, they do not come within the purview of general international diplomatic negotiation and can not be fittingly regarded as having a place in this paper. I shall therefore confine myself to the major heads already mentioned.

*Tariff Autonomy.* First of these, the fixed customs tariff, has for a period of upwards of eighty years deprived China of tariff autonomy. This is most assuredly a just and serious grievance. Not alone because the rate of duty, being only a nominal 5% *ad valorem*, has been insufficient to meet the growing needs of the government—needs growing directly out of the impact of foreign intercourse—but because it left China without the means of protecting her home industries. This has now been recognised by all the Treaty Powers concerned, for the first thing that happened in Peking last October after the opening of the Tariff Conference, called in pursuance of the provisions of the Washington Convention of 1921 to increase the tariff from 5% to 7½% on ordinary imports and to 10% on luxuries, was that the Chinese demand for tariff autonomy was almost precipitately accepted in principle and is scheduled to come into effect in 1929. In the meanwhile a tariff far exceeding the 7½% and 10% accorded in 1921 has been virtually agreed to by all but one or two of the Powers, who have entered into separate negotiations for provisional mutual rates. This long-standing grievance may therefore be regarded as disposed of in a manner that transcends all expectations that the Chinese negotiators could have brought to the Conference.

*Extraterritoriality.* The second grievance, the extraterri-



toriality of foreigners in China, is now in the hands of another international commission, likewise called for by the Washington Convention. The object of this commission is to find out whether Chinese laws, courts of justice, and prison conditions accord with Western standards and to report to their respective governments there anent. It will therefore devolve upon the foreign government to decide whether or when they will relinquish jurisdiction over their citizens or subjects resident in China. Thus far nothing has transpired as to the deliberations or opinions of the commissioners, nor is it likely that anything will until their reports come to be dealt with by their respective home governments.

At one time all foreigners in China enjoyed the privilege of extraterritoriality; even citizens whose own countries were not Treaty Powers would be taken under the aegis of one or another Treaty-Power consul's protection. But such is no longer the case. Several of the large nations of Europe have lost the privilege: Germany and Austria when China joined the Allies in the Great War, and Russia when China denounced her treaties with that country after the fall of the Kerensky Government. The new nations that arose in Europe after the Great War, such as Czechoslovakia, Poland, Yugoslavia, etc., are without the pale of extraterritoriality, as China has firmly refused to make new treaties conceding the privilege, while Germany, Austria and Soviet Russia have made new treaties formally renouncing it. Thus a very large number of Europeans are now already under Chinese jurisdiction. It is significant, however, that German residents in China have combined to settle all questions in dispute amongst themselves by arbitration, thus avoiding recourse to Chinese law courts, though being, of course, answerable to these for any breaches of law or for claims upon them from subjects of China or other nations.

A large number of American and British Protestant missionaries have publicly declared themselves willing to forego the rights that extraterritoriality confers, though dissentient voices are also heard amongst them. But among the other sections of foreign residents, who still enjoy the boon of their own country's jurisdiction, the opinion is virtually unanimous that so long as China remains in her present chaotic state, and until

order is restored under a thoroughly established government, the question of extraterritoriality should be left in abeyance.

I think it should be emphasized in this connection that the belief held by the young patriots of China, that extraterritoriality was extorted by force, is not borne out by the records. On the contrary, it would appear that it was due to the reluctance of the Chinese authorities to have anything to do with the troublesome and, in the case of sailors ashore, often turbulent foreigners. Long before the first treaty was made the Chinese authorities had segregated the foreign merchants who were permitted to trade at Canton and had placed them and their ships under the supervision of the so-called Chinese Hong Merchants who were responsible for the good conduct of their foreign charges. When treaties came to be made the foreign consuls simply succeeded to the functions of the Hong Merchants in so far as the conduct of their nationals was concerned. And while it may be assumed that the foreigners preferred to have the benefit of their own laws and usages, there is no evidence to show that the Mandarins were not equally pleased with an arrangement that absolved them from unwonted cares. Indeed, it is only of recent years, since the younger generation of Chinese students have come to realize that the principle of sovereignty is involved, that the question has been raised and has become an acute issue.

*Foreign Settlements.* The third grievance we have to consider refers to the self-governing foreign communities in the so-called Concessions or Settlements at a number of the Treaty Ports. The difference between a Concession and a Settlement is this, that in a Concession the consul of the nation to which the ground was originally ceded for residential purposes is the local overlord, responsible only to his minister at Peking and his home government, though the work of administering the area is delegated to a Municipal Council elected by the land renters who hold their titles on long lease. Other foreigners can acquire leaseholds on equal terms with the citizens or subjects of the nation owning the Concession, but Chinese can hold property only in the name of a foreigner, and in some cases, where the ground is very limited, are entirely excluded from residence or occupation. In the Settlements, on the other hand, the Municipal Council functions under the Court

of Consuls of all nationalities, who on their part are responsible to the Diplomatic Corps in Peking. Here again all foreigners can register ownership of land and Chinese can only register their property in the name of a foreigner. All, however, are subject to equal taxation for the maintenance of police, roads, fire brigade, and public utilities generally.

The foreign countries holding Concessions are Belgium (one), France (four), Great Britain (five), Italy (one) and Japan (two). Austria, Germany and Russia also held Concessions formerly, but forfeited them when their treaties were denounced as already mentioned with respect to extraterritoriality. America also at one time held Concessions at Shanghai and at Tientsin but voluntarily relinquished them, the one at Tientsin being virtually merged in the British Concession, while the one at Shanghai was joined to the British Settlement and the two converted into what has since been known as the International Settlement.

Originally these Concessions and Settlements were set apart by the Chinese authorities, usually in an isolated locality and at some distance from the Chinese town, apparently with the object of segregation and of obviating friction between foreigners and natives. But the growth of trade following upon the opening of a port to foreign commerce naturally drew into or around the foreign Concessions and Settlements vast numbers of Chinese, with whom trading instinct and capacity amount to positive genius. The result was that in some places, Shanghai for instance, the Chinese population of the foreign Settlement outnumbered the foreign element by about a hundred to one.

Naturally, the ground set apart for the occupation of foreigners was not of the most valuable. In most cases its intrinsic value was next to nothing. Taking Shanghai as the most conspicuous example, the Settlement area consisted of low-lying swampy ground barely raised above ordinary tide level and intersected by noisome drainage canals. But flanking the river front it was most suitable for shipping purposes. The foreign settlers set to work and raised the ground, built roads, and, as time passed, introduced every form of modern improvement, and by their enterprise, untiring energy, wise government and the investment of billions of money in build-

ings, factories, wharves, docks and shipping have created a city ranking with some of the largest in the world and promising before many years to stand with the very first. That this phenomenal progress is directly due to the foreigners cannot be controverted, but it must also be emphasized that indirectly a large share of the success must be credited to the Chinese: the integrity, solidity and trading genius of their merchants, the sobriety, docility and tireless industry of their workmen, the stolid reliability of their seamen, and so on throughout the whole range of trades and occupations. And for the defrayal of the enormous municipal expenditure it must be borne in mind that the Chinese contribute from eighty to ninety per cent of the taxes.

For many years the Chinese dwellers within the foreign settlements were quite content to follow their various trades and avocations without thought of sharing in the cares and responsibilities of administration. They enjoyed the peace and prosperity, the security of life and property and the freedom from illicit taxation afforded by a well ordered régime. But with the fall of the Imperial Government, the establishment of a Republic and the awakening of national consciousness, voices began to be heard calling for representation in the governing body, the Municipal Council, and these voices continued to grow in volume. The cry was taken up by the energetic and vocal student organizations, who have made it one of the leading items in their agitatorial campaign for restitution of national sovereignty. No longer content with mere representation in the council, many of the students now clamor for the total abrogation of foreign-governed Concessions and Settlements. This applies more particularly to the International Settlement of Shanghai, which is by far the most populous and important, but also in general, *mutatis mutandis*, to the foreign Concessions and Settlements at other ports. The minimum of their demands now is that Chinese land-owners and taxpayers shall be represented in proportion to the amount of taxes paid by them. This would mean the virtual if not complete elimination of foreign participation in the control and administration of the great city the foreigners have created and would place in jeopardy the vast commercial, banking, shipping and industrial enterprises in which for-

eigners have invested such enormous sums of foreign capital. Such a course would be most unreasonable and unjust and would surely not be backed by the more sober and substantial sections of the Chinese business men or by sage and enlightened Chinese statesmen, who would discern in such a measure, both directly and indirectly, untold injury to both individual and national Chinese interests.

But that the Chinese are justly and reasonably entitled to a fair share of representation is now generally admitted and proposals to that end in respect of Shanghai have already been submitted to the Chinese Government for approval and acceptance. And the Shanghai example will doubtless be followed at the other ports. It may therefore be hoped that this thorny question will soon be laid at rest and this virulent source of irritation thereby permanently removed.

In connection with the Shanghai International Settlement should be mentioned the subject of the Mixed Court. This court for the trial of Chinese delinquents, the adjudication of claims of foreigners against Chinese, etc., has, since the Revolution of 1911, functioned under the auspices of the foreign Municipal Council, the Chinese judge being appointed and paid by the Council, instead of being appointed by the Chinese Government, as had previously been the case. This usurpation caused great dissatisfaction among the local Chinese. But since it has been announced that the wish of the Chinese to have the court restored to Chinese control has been agreed to, it seems unnecessary now to dwell further on the subject.

*Foreign Administration of Customs.* With regard to the Chinese Maritime Customs the younger generation of Chinese clamor for the dismissal of the foreign administration claiming that the customs have been "seized" by, and the revenue subverted to the uses of, foreign imperialistic powers. It may be said at once that nothing could be farther from the fact. In 1859 the customs at the three or four ports then open to foreign trade came under temporary foreign supervision for the collection of a war indemnity which the Imperial Government could not pay in cash. When at the end of a year or two the indemnity had been collected, the Imperial Government was astonished at the celerity with which so large an amount had been received from foreign trade, and having thus had its



eyes opened to this new means of replenishing its exhausted exchequer, the government invited the temporary foreign supervisors to continue the collection of revenue. This was the inception of the Foreign Inspectorate General of the Chinese Maritime Customs which has continued to this day. From 1860 until sometime in the nineties the Chinese Government was free at any moment to dispense with the services of the foreign Inspector General and his staff but found it profitable to retain a service which for integrity, efficiency, zeal and loyalty to its Chinese employers has ever challenged the admiration and unstinted approval of all who are acquainted with its manifold and beneficent activities for the furtherance of friendly international relations, commerce and navigation, the publication of trade statistics and other useful knowledge concerning the resources and industries of China. But perhaps first and foremost it is valued because it has ever been the chief, and to-day remains the sole bulwark of China's national credit. It is not too much to say that without the guarantee of the Foreign Inspectorate General of Customs the bond issues of the Chinese Government, instead of being held as gilt-edged securities, would hardly be worth the paper they are printed on.

When in the nineties the Chinese Government began to seek loans in foreign markets the customs revenue was pledged as security, and the loan contracts stipulated that, pending repayment, the foreign administration of the customs should continue to function, and this contractual stipulation was renewed on the occasion of every new loan until the customs revenue was pledged up to the hilt. It is therefore the bounden duty of the Chinese Government to maintain the Foreign Inspectorate until its pledges are redeemed. It was by the government's voluntary desire and acts that the foreign Inspectorate has been sustained. Furthermore, in 1913 the new republican government placed the foreign Inspector General of Customs in sole charge of the customs revenue for the purpose of amortization and ultimate liquidation of China's outstanding foreign loans, and in 1921, when the revenue showed a surplus over and above the requirements of the foreign loans, the government entrusted to him all future surpluses to be used by him for the service of Chinese internal loans.



China could therefore not now denounce these obligations without hopelessly discrediting herself in the eyes of the world. She would by such a step declare herself irretrievably bankrupt. And I feel sure that neither her sober senior statesmen, her bankers nor her substantial merchants would for a moment entertain or countenance such a step. The clamor on this subject of the young, inexperienced and irresponsible patriots may therefore safely be left to wear itself out.

It thus appears that of the four major grievances I set out to discuss, two are in a fair way of being satisfactorily settled, the third is under investigation and will also undoubtedly in time meet with a just and even generous solution, while the fourth is seen to be unfounded, the cause for complaint being the handiwork of the Chinese Government, both during the Empire and the Republic. Concerning the other grievances earlier referred to as requiring negotiation with individual governments and not coming within the scope of general international treatment, it may be hoped that these may find a solution in the near future to the mutual satisfaction of those concerned.

Throughout the Western world has sprung up of recent years a widespread interest in and sympathy for China; for her age-long history, civilization and culture, her lofty philosophy, exquisite poetry and literature, marvelously beautiful and unendingly manifold arts, her genial, gentle, friendly and smiling people, whose quick intelligence, phenomenal industry, trustworthiness, frugality and cheerful acceptance of any and all vicissitudes have endeared them to all who have lived among them. What is more, all civilized governments have come to evince a spirit of real friendliness for China, of helpfulness, tolerance and forbearance in her present state of political travail. A chivalrous spirit of "sweet reasonableness" now inspires the attitude of the powers towards her and should eventuate in redressing so far as possible any just grievance and in assisting her to a rebirth worthy of her glorious past.

## BRITISH RELATIONS WITH CHINA

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UNLIKE Mr. Oiesen, I was not in China in 1879. Indeed so far as I was aware, I was nowhere in particular at that slightly remote date. Even if I had been, even if I had possessed anything like Mr. Oiesen's encyclopædic knowledge of conditions in China, I possess none of the ability he has shown to present the facts in the remarkably comprehensive and entirely objective and dispassionate survey to which we have listened with so much interest.

My task here, at any rate my task as I conceive it, is something entirely different from his. We are dealing to-day with the situation in China, and under the heading of "International Problems of the Powers Facing the Pacific Ocean." That seems to imply that it is not our business to deal with China's extraordinarily complicated and extraordinarily interesting internal situation at the present moment. We are concerned rather with China as an international problem, and I assume that if there is any purpose at all in inviting an Englishman to address this audience, which I take leave to doubt, it is that he might endeavor to explain something of what British policy in regard to China is, and it is merely as a very modest student in British policy that I endeavor to add anything to what has been said. I feel under a particular debt to Mr. Oiesen because it seems to me that the comprehensive, general survey he has given us provides an admirable framework into which to fit a more specialized address on the aims individual countries are pursuing in regard to China.

Now British relations with China have consisted of commercial relations, financial relations, and military relations going back over a lengthy period of years, and I should be the last to claim that they have at all times been uniformly creditable to my country. I do not think they have been. No Englishman to-day looks back with anything except a feeling of something like humiliation and remorse to the opium

wars of 1842 and 1847. Those wars indeed are a little unhappily named. The so-called "Opium War" of the thirties and forties, as distinguished American authorities have been the first to point out, aimed at opening the doors of China to foreign trade in general, though it happened unfortunately that one of the staple articles affected was opium from India.

Our military relations with China, I trust, came to an end in the year 1900 when England had, in common with other nations, among them the United States, to take armed action in face of the Boxer Rebellion. That is now past history. If I can confine that part of the subject to this very imperfect summary, it is because the question that really interests us is the question of the situation in China to-day, and of the aims of certain European and American powers in regard to that.

Here, again, I think the British attitude is not peculiarly distinctive. We are not playing a lone hand in our relationship with China. On the contrary, we are cooperating to the extent of our ability with various other powers who have to face the problems raised partly by the present conditions in China and partly by their own relationship with China in past generations. We were fellow signatories with the United States and six other powers of the Washington Conventions. We were co-signatories with other powers of the earlier treaties which created Treaty Ports, and we are co-signatories with other powers of the later treaties on the question of extra-territoriality, and our bankers take part unofficially with the bankers of other countries in the so-called Consortium, which I think has distinguished itself so far by not having conducted a single operation of the loan for which it was created.

I do not want, therefore, to stress unduly the attitude of Great Britain. I think it would be a great misfortune if we had before us nothing but a collection of distinctive national views. We want rather to evolve some constructive international policy. At the same time, it is my business to try to present, so far as I can, the general attitude of Great Britain in regard to China. In regard to that one may say at once, that so far as the average man is concerned, his feeling toward China is one of conspicuous friendliness. That is due to some extent to the activity of the British missionaries in China, whose work, I think, attracts more attention than it

otherwise might, because in China it has developed more than in other countries on educational and medical lines rather than purely evangelical. But apart from that, it is a fact that the average Englishman, and I suppose the average American, back from a visit to China or a prolonged residence in China exhibits feelings far more marked in cordiality and appreciation of that country than is the case of visitors to almost any other country in the world.

The average Englishman likes the average Chinaman and entertains for him a feeling of friendship and sympathy. But of course the average Englishman is entirely ignorant as regards any details of Chinese life and Chinese national policy, and it is not the advice of the average Englishman that determines the policy of the government in regard to China. That policy is determined, as is the case of the diplomatic policy of any country, largely by the views of the diplomatic representatives in the country, and also to a large extent by the view of foreign residents and traders in the country. That, perhaps, in regard to China, is more important than it is in regard to many other nations in the world.

I feel, myself, perhaps wrongly, that in regard to China we are in danger of making the mistake of taking far too slight account of the psychological elements in the situation. One endeavors to visualize concrete facts, and they are important, but I believe they have less influence on the relationship between two nations than the state of mind which the rank and file of the two nations maintain in regard to each other. After all, the relevant fact in regard to Chinese and British relations is not the question of whether the British attitude (and this could all be said of the American, the French, or the Italian attitude) in regard to those questions which Mr. Oiesen has explained, the Treaty Ports or extraterritoriality and so forth, is reasonable and logical. What really matters is what the Chinese do in fact think about that attitude, and that is why it seems to me that Mr. Oiesen has performed so valuable a service in showing what effect these existing arrangements do actually have on the Chinese people.

But our policy does tend, of course, inevitably, to be influenced largely by the men on the spot. The evidence of the man on the spot and the view of the man on the spot ought to

be taken into account. But they ought invariably to be corrected by persons of recognized wisdom and experience who view the situation from a distance. After all, if you are living in the middle of a wood, you do see only the trees, and those who stand a little farther off and who bring reasonable qualities of mind and of spirit to bear on the situation may be capable of seeing the wood as a whole, and therefore discovering elements of fact and putting those elements of fact in relation to larger facts outside to an extent quite impossible for the people directly interested, living in the midst of the forest.

Therefore it seems to me that in regard to the attitude of any nation to China, the views of the traders must be given weight, but they must not be given undue weight. I should be disposed to say in regard to the British attitude to China, that there has been danger of giving undue weight to a particular section of British community, British financiers and traders in China, and persons at home directly interested in China.

The British interests in China are of course very extensive. They are much larger than the interests of any other European power and I think (here I speak subject to correction) they are greater than those of any other non-Chinese power. That relationship has not worked out for the benefit, as Mr. Oiesen pointed out, of British trade alone. Commercial relationships are, after all, not conducted on that basis. If there has been a certain measure of British prosperity there has been equally a certain measure of Chinese prosperity. We can point to the development of some rather important industries in China almost due entirely to foreign investment and foreign enterprise, in which British investments and British enterprise played no small part, and we would be disposed to claim, as Englishmen (I am glad the claim has been advanced already by Mr. Oiesen), that British administrators have been able to do a real service to China in regard to the maritime customs, under men like Sir Robert Hart, and in regard to the salt gabelle, under men like Sir Richard Dane.

At the same time (and here the psychological element enters in) undue difficulties between my country and China have been created by the attitude, perhaps the unconscious attitude, perhaps the inevitable attitude, if you will, of a large section



of British residents in China. They have adopted the appearance of a certain superiority and a certain cynicism which must by the nature of things be irritating even to a comparatively unsophisticated Chinese, and nothing less than galling to the younger generation who have studied in American and British universities and who are naturally the more sensitive to what may be regarded as slights on their national culture. I think it is doing no injustice to British papers published in China, in Tientsin and Hangchow to say that they have, possibly unconsciously, adopted an attitude which has not made for cordiality between Great Britain and China.

All that is a matter for unconcealed regret. I think it can be explained. I do not think it can be entirely explained away. There is in the British character a certain strain of love of efficiency. I don't mean efficiency as shown by your American standards of efficiency, for we bow to you there, but at any rate, efficiency as shown by the standards common in China. Certain enterprises have been built up and have attained a certain degree of efficiency. I think it is the mere love of efficiency in itself which has led certain sections of the English in China to compare the way their own enterprises are run with the way certain Chinese enterprises are run, and the way their own enterprises have been conducted with the way Chinese enterprises are conducted. But that has produced a certain attitude of mind which appears to an entirely detached and unqualified observer to bear rather too much resemblance to the attitude of British colonists who have gone out to strike a new line in a territory of uncultured people. They have regarded the Chinese a little as a British settler would regard the negroes on the east or west coast of Africa.

I believe there is an element of that in the situation, and if so it explains the resentment which the Chinese feel in regard to the attitude of the British. As a result of both of which, it cannot, I think, be claimed that my country at the moment enjoys a high degree of popularity in China.

But there are more definite reasons for the views held by a great many Chinese regarding British aims and policy in relation to China. The Anglo-Japanese Alliance was unpopular, incidentally, and although it was brought to an end by the Washington agreements of 1922, the fact remains the alliance



did exist for twenty years, and sentiments which have had twenty years in which to mature and flourish are not easily eradicated.

During the war, Great Britain, under stress of exigencies presented by the war, joined with other powers in at any rate countenancing the notorious Twenty-one Demands of 1915, and Great Britain has not increased her popularity by taking her share in the Consortium which had for its original aim the proper desire to regulate loans to China, which if not properly regulated might be used for non-productive purposes and undermine further Chinese credit.

At this moment there are three questions in regard to which Great Britain has to face difficulties in regard to China. The opium traffic, of course, is a serious matter of contention. The record of Great Britain in regard to opium has been steadily improved. The agreements which were concluded largely by the good offices of a man who has done more than any single man to keep our relationships with China on a sound basis, the late Sir John Jordan, in 1907, for the abolition of trade between India and China in opium were entirely successful, and that traffic was, in fact, brought to an end not in 1917 as was originally planned, but in 1913. Since then not an ounce of Indian opium has gone into China, and so far as that is concerned, a considerable improvement has resulted in the relations between China and Great Britain. But the attitude of Great Britain at the opium conferences at Geneva was a source of serious dissatisfaction in China. If we had time to discuss that question in detail I could show that there was much to be said on either side, but we have not unless we initiate a discussion quite out of proportion to the relation of this to other questions. I would have something to say in explanation of Great Britain's attitude and something in criticism of it, but that is really a matter of detail into which we cannot enter.

There remain the questions which Mr. Oiesen has so clearly mentioned in regard to tariffs. I think—and I must think so because he has said so—that this matter is virtually cleared up since. There is to be complete tariff autonomy in China in 1929. The subject of extraterritoriality is more difficult. Great Britain's position is determined by the clause in the

Mackay treaty of 1902, which was designed to make provision for the ultimate abolition of extraterritoriality, which declares that Great Britain agrees to give every assistance to such reform (of the Chinese judicial system) and will also be prepared to relinquish extraterritoriality rights when she is satisfied that the state of Chinese laws, the arrangement for their administration and other conditions, warrant her in so doing.

Now some progress has been made toward the realization of those conditions. I believe it is held that the state of Chinese laws has nearly reached the point at which it would constitute no obstacle to the abolition of extraterritoriality. But when it comes to the question of the administration of those laws, particularly during the chaos prevailing in China at the present time, then I think the government of Great Britain would have to give great weight to the residents in China who protest that their interests must not be exposed to a system of laws which may have much value on paper but which cannot be guaranteed just execution under the conditions at the present time prevailing.

In Great Britain various proposals for the gradual modification of the system of extraterritoriality are under discussion. It has been suggested, for example, that it would be a valuable step forward if instead of many consular laws of different countries there should be administered under the existing judicial system the Chinese system of law. That would pave the way to a gradual replacement of foreign judges by Chinese judges, with possibly some ultimate appeal which would guarantee against miscarriages of justice. Here we are leaving the general question and depart into the matter of detail. I only mention it to show that the matter is not being lost sight of in Great Britain but is being given serious consideration.

Finally, and speaking very generally, the policy of my country, as I understand it, is almost identical with the policy pursued by America in regard to China, and that means, quite frankly, that British policy is being concerned to-day in supporting a more liberal view than it has in the past. There is a change in the attitude not only of the British people—that I have tried to indicate—but there is a certain modification and development of attitude on the part of the government and

foreign office officials. There is (and this seems to me an encouraging symptom) a tendency to pay greater regard to those psychological elements about which I tried to indicate my own opinion a few moments ago. British policy is not being guided solely by tangible political factors. Account is being taken of the rise of nationalism in China. The young China movement is not being derided and decried to-day as it was disposed to be five years ago. It is recognized as a factor of tremendous importance in the situation. There may be no government at Peking which can see for the country as a whole, but in a vague, intangible way there is a Chinese voice. The views of China as a whole on certain great questions of foreign relationships are not in doubt, and foreign officials have got to take account of that expression even though it does not come from diplomatic channels. I believe there would be a surprising readiness in Great Britain to consider to-day the claims China is putting forward for a non-permanent seat on the League of Nations' Council. I am not speaking of the Peking government, the position of which at this particular moment no man in this room is in a position to indicate. But China's relation to Europe, China's relation to the League of Nations, is something far different from the question of a mere ephemeral government at Peking, and we should not fail to recognize what is undoubtedly a true and sincere and valid expression of a great national will.

At the present moment there is a British commission in China endeavoring to settle the question of the Boxer indemnity. There is no particular merit in that. America preceded us there by many years. But the composition of the commission is important. We have chosen Lord Willingdon, who is just back from India, with a long record of successful administration there, as chairman of the body arranging the disposal of the remitted portion of the Boxer indemnity. He is charged specially with exerting every endeavor to cement friendship between China and Great Britain. Along those lines, I believe our present diplomatic policy is endeavoring to take account partly of the sentiment in Great Britain and partly of the new manifestations of Chinese nationality, and therefore, though I have not attempted to stand here to-day as an apologist for British policy—I would far rather be consid-

ered a liberal critic—nevertheless, it is my conviction that we are setting our foot with some firmness along a road which shall lead to ultimate full restoration of Chinese sovereignty and a cementing of closer relationship between a great country in the East and a country which, rightly or wrongly, still believes itself to be a great country in the West.

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## ECONOMIC RESOURCES AND CONFLICTS IN THE FAR EAST

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A NUMBER of students of international affairs think the most serious threat to the peace of the world lies in the economic situation in the Far East, and I shall endeavor briefly to outline to you what the situation is and to offer one possible solution.

There is a general impression that the Far East is an extremely rich country, that it has natural resources of various kinds which make it a treasure house for the world. Nothing could be more contrary to the facts. The Far East is relatively poor. It is strongly asserted by those who have made careful investigations that if the resources of the Far East were fully developed and divided equally among the inhabitants, with no deductions for rent, superintendence or interest, there would not be enough to maintain the population even in relative comfort. Under these circumstances, there will necessarily take place in the Far East a struggle for the possession of the existing resources in order that the more advanced countries may maintain their standards, perhaps at the expense of the less progressive nations.

As you all know, our Occidental civilization is based upon importing large quantities of foods and raw materials and paying for them with manufactures which we sell in the undeveloped countries. The Far East exports large quantities of food and raw materials, but it is only able to do so because its industries are backward and the people are underfed. The system is the same as that which forced the Phoenicians and the Greeks to colonize, explore, and carry on their trade. It is as inevitable as the forces of gravitation. It will be most interesting to watch in the future and see whether our altruistic influences are able to modify the natural laws which have acted in the past without variation.

It is necessary for me to abbreviate on account of lack of time, and so my discourse will be a little disjointed.

There is a tendency to underestimate one of the fundamental causes of unrest in China to-day. Most speakers stress the emotional and political aspects, but to my mind the principal reason is the attempt of the Chinese people to throw off the pressure of Occidental civilization. Some of them have expressed themselves to me by saying that they were in the coils of a boa constrictor which was gradually crushing them to death.

Most of the leaders in China seem to be entirely ignorant of this aspect of the situation, but, if I had time, I could show you that the opposition to foreign control, to extraterritoriality and to foreign settlements, was largely economic in origin. The people seem to understand it better than the leaders, and you can find it out if you take pains to go among them yourselves, especially in the more remote regions. The great tragedy is that the leaders of the Chinese seem to fail to comprehend both the causes and the results. They are still influenced mainly by the ancient literary culture of China.

The Japanese, however, understand the situation and they have acted in accordance with natural laws. The Japanese cannot support their existing population with Japanese resources. They must pay for imported foodstuffs by sending out manufactured goods. Japan is in a different position from England, which can pay for its imported foods and the raw materials needed for its manufactures largely by exports of the products of its own mines and other natural resources. Japan is poor in mines and all other natural resources and must pay for imported foodstuffs with exports of manufactures only. Thus the principal exports are really Japanese labor, skill and brains.

In other countries industrialism and the imperialism which grows from it are largely for the improvement of conditions and for extending foreign trade, but in Japan it is a question of national existence. If the Japanese do not maintain their present economic structure, the Japanese nation cannot continue to exist on its present basis.

The Japanese nation received a shock which gave a great stimulus to the so-called imperialistic policy when the rice



crop of 1896 fell short nine million koku. (A koku is about five bushels.) At the ruling prices of the time it would have taken sixty-two million dollars to pay for the amount of rice which it was necessary to import, and the total exports of Japan in that year were only fifty-eight million dollars. I don't mean the excess of exports over imports, but the total exports.

The population of the principal islands is now about sixty million on an area of 110,212 square miles, an area smaller than that of Arizona, 113,810 square miles, or 485 to the square mile. We can compare it best with Germany, which has a population of about the same number on 182,213 miles, or 323 to the square mile. It is generally admitted that Germany cannot feed its population and must import food, and Japan is in even a worse condition.

The Japanese Government has been doing its best for many years to remedy the situation. The figures which will be given are unpublished. They were prepared as a result of some years of labor by Mr. R. B. Pendergast.

A large part of Japan is composed of mountains, rocks, swamps, sand, gravel and forest land which it is not possible to cultivate. Only about 17% of the total area of the main island is cultivated, and probably not more than 24% could be cultivated under any circumstances. To show what the Japanese Government has been doing, the increase in acreage in 1922 over the five-year average for 1885-89 was 18%. The increase in production per acre was 41%, and the total of those two factors was 66%. As the population had only increased 50%, the problem seemed in a fair way to be solved. It seemed as if Japan could feed its own population. Unfortunately, however, the consumption per head had increased 25%. Thus the net result did not enable the population to be fed from Japanese soil. The people were underfed and the first result of industrialization in Japan was to give them enough to eat. At present Japan must import about thirty-five million bushels of rice besides other foods.

In Japan the average farm per head is less than one fourth of an acre. In the United States it is five and a half acres. The Japanese have done their best to solve their problem and have failed, because it is impossible. Not only have they culti-

vated every possible field with rice, but in addition half the area under rice is in wheat, rye, barley and other grains.

It is absolutely necessary for the maintenance of its national existence that Japan should import foodstuffs. That was realized at an early date. Japan first annexed Korea and Formosa without success, because the populations of these countries were increasing rapidly and they worked harder than the Japanese and had lower standards of living. So portions of Manchuria were leased and its agriculture was stimulated. The food problem is being solved to-day by importing foods from Manchuria and other countries.

But now we come to the really serious situation. Japan must import foodstuffs and she must pay for them by exporting manufactures. The foundation of all industrialism is iron and steel, and Japan is so poor in iron and steel that it is impossible to maintain its national existence without importing them. It has some coal but it has exhausted a larger share of its reserves than any other country and must now import Chinese coal to mix with its own.

The total known available iron ore of good quality amounts only to about thirty-five million tons and the total amount known of workable lower-grade ores is only about forty-five million tons more. Hence Japan must get its iron supply from other countries. The most obvious source is China, which has 950,000,000 tons in sight of iron ore of different grades. Owing to the distance which most of it would have to be transported and the poor quality, only about one hundred million tons is really available under present conditions. Three-quarters of this is along the Yangtze River, and the Japanese obtained control of this through lending money to iron works which are paying in iron ore and in pig iron. The Japanese now control about ninety per cent of all the iron ore at present available in China, although they are unable to make good use of all of it, owing to the fact that some has to be concentrated before it can be used, and contains a large percentage of silica and other minerals.

A new factor, however, is gradually entering into the problem. The Chinese are more and more impatient of the control of the iron supplies of China by the Japanese. The Chinese are making strong efforts to make arrangements to have Japa-

nese economic dominion and also political control removed from Manchuria. It seems probable that, in the near future, the present Japanese economic structure will have to be seriously modified, because as soon as China becomes even moderately industrialized, it will require for its own use all its coal, iron and all other resources, which are now used for the maintenance of the existence of the Japanese nation. It will probably not be able to export any foodstuffs and perhaps no raw materials.

The large immigration of Chinese into Manchuria is making it increasingly difficult for the Japanese to maintain their present control. Formerly there were from two to five million Manchus and Chinese in Manchuria. Now there are between fifteen and twenty million, and it is quite evident that the present situation cannot long continue.

There are, however, certain other sources of iron and coal which might be available to the Japanese under certain conditions. The Philippines have in one mine four hundred and thirty million tons of excellent iron ore on the seacoast of northern Mindanao. Further, in the islands of Celebes and in Southeast Borneo there are eight hundred million tons of the same kind of ore near the seacoast, easily available.

The ideal situation for Japan would be to build up a great iron and steel industry by importing Chinese coal from Northern China and Manchuria, and iron ore from the Philippines and Dutch East Indies, using Japanese plants, brains, labor, and skill. There are, however, great obstacles to the realization of that ideal.

The Japanese are thoroughly familiar with the situation and have considered it from every angle. Their various difficulties in Korea, Manchuria and Formosa have convinced many leading business men that it is a mistake to base the Japanese economic structure upon the political control of Manchuria or any other foreign country; and that the best method is to secure supplies of raw materials and foodstuffs by purchase in world markets. The only source of these substances at present available is Manchuria and the rest of China. If these countries were under a strong government which could guarantee safety for life and property and the normal functioning of commerce, there would be no need for either Japa-

nese political or economic control. But so far, the Chinese have been unable to organize sufficiently to develop their own resources or those of Manchuria, Korea or Formosa. If there were a strong government in China equal to developing these resources, many problems would disappear and peace would be maintained in the Far East.

That brings us to the final conclusion. The Japanese must be assured definitely of adequate supplies of food, raw materials and markets if the present balance in the Far East is to continue. You could not expect them to give up the certainty which they now possess for uncertainty. It seems extremely probable that the Japanese would fight rather than give up Manchuria entirely and thus jeopardize their whole national existence as far as food and coal and iron are concerned. They could not afford to do so.

On the other hand, if some system of international rationing could be arranged by which the Japanese would be assured of adequate supplies of imported food and raw materials, not only in peace but also in war, we should be in a fair way to solve the dominant problem of the Far East.

There is one question which I must mention in closing, and that is the question of Philippine independence. It is often stated that if the Philippines were given independence the Japanese would have no desire to annex them. That may or may not be true, but I am only going to call your attention to a few economic facts. If the Japanese possessed the Philippines their problem would be solved for about one hundred years. There is iron ore, coking and bituminous coal, and vast beds of lignite in the Islands. They could obtain from the Philippines rubber, rice, sugar, oils, starches and fibers of different kinds including cotton—in fact, practically all they need to maintain under their own control their economic structure.

The problem is perfectly clear, but the solutions are only theoretical. At present political considerations make it impossible to carry out the solutions which are indicated by the economic situation.

A clear statement of a problem often contributes greatly to its solution.

## THE INTERNATIONAL ASPECT OF CHINA'S EDUCATIONAL PROBLEM

M. PAUL PELLIOT

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THERE is at present in the moral preparation of modern Chinese youth a great issue which has some sort of international aspect. As you know, in the past all Chinese youths were educated along a very definite line, being guided by what originally was called the Confucian ethics. Now the country is faced with an invasion of foreign ideas and has shown a tendency to abandon what has made the greatness of Chinese civilization in the past. Practically speaking, I think we must do our utmost to modernize the education of Chinese youth, without utterly discarding old ideals. That is to say, those ethics of the race which are just as good as the ethics of any other race must simply be more or less simplified in harmony with modern life. At present, a fair proportion of the Chinese students who go abroad are not very well acquainted with their past and some of them are rather prone to make light of it. On the other hand, I doubt very much that we can bring from the outside any moral guidance which can lead the nation along its new path.

I cannot, at this time, discuss at length the problem of Christianity and missionary work. I do not believe that Christianity can replace the ancient Chinese ideals. Not that I mean the effort of the missionary in China has been a waste of time! Not at all. I do strongly believe it has been most useful in many respects. Much good has been done by its medical, hospital and sanitary work. Christian ideals are such that they can be taken up only by a minority. It may take centuries to convert China to Christianity. In the meantime, it is indispensable to the nation to have moral guidance.

Moreover, I am of the opinion that in the near future the Western missionary will practically almost disappear from China. In the future, Chinese Christianity will be more and

more in the hands of Chinese missionaries. In twenty, thirty, forty years the Western missionary will have done his work, and everything will be in the hands of the natives, practically.

The natives, whether they be Christian or non-Christian, have to be prepared for the kind of moral action which they must exert in China. Is it a good thing that a great many of them should come abroad to be educated, for the maintenance of Chinese ideals and for the evolution of these ideals to fulfil the requisites of modern life? Is it better that so far as possible the youth of China should be educated in China? I think that, on the whole, the young Chinese who go abroad to get the last touch of education should be only an élite. It would be a mistake to try and train too many of them abroad. That is a topic which might lead to a discussion when discussion is open. I think—and as regards some parts of China, at least, I know—there is a tendency to replace much of the education which is given abroad by education given under good teachers in China. This applies to purely Chinese universities and to some institutions which are more or less run by Western missionaries. It will be to China's profit if she can more and more do what she wants in her own country with the cooperation of Westerners.

Of course, I am an old friend of China's. I hope for the best in China. Regarding the present political conditions, I am among those who are perfectly certain that after perhaps some twenty years, the country will emerge and play the part in world affairs which she is due to play. In the meantime there is a state of uncertainty, much of it being an aftermath of the revolution, and we must all help in putting China on her feet. In the field of education, I think what we can do best is to help her in settling educational problems at home, not by bringing abroad too many Chinese students, but by bringing about a sort of a fusion, a harmony between those eminent Confucian ethics which have been the backbone of Chinese civilization and the best of what we have been able to give China.



## AMERICAN POLICY IN CHINA

HENRY K. NORTON

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WHEN Professor Lindsay asked me to speak to-day, I asked him what he would like to have me talk about. He said there were going to be five or six speakers, and when they had finished I might "fill in the interstices." The subject of China usually has a vast number of interstices, and certainly one of the most prominent of those left this morning is the question of American policy in the Far East.

If you talk with some of the business men who have large interests in China, either commercial or industrial, or some of the bankers who have financial interests in China, you meet some such expression as "Our State Department is in full retreat. We are backing down before the Chinese and giving up all our rights and properties. Disgraceful!" On the other hand, a few weeks ago, a dozen or so missionaries served a sort of ultimatum upon our minister in Peking and informed him that in their opinion we had joined the imperialists and were setting about the ruin of China. So far apart are the differences of opinion as to what American policy *is* in China, that it may well be guessed that the opinions differ even more widely as to what it should be.

We have ourselves no great outstanding issues with the Chinese beyond the question of Oriental immigration. May I suggest a word on that as a fundamental part of our policy not only toward China but the Far East in general? It touches upon Mr. Batchelder's statement of the living conditions in Japan.

According to statisticians, the world is able to support two and a half billion people on the Japanese standard. Founded upon that estimate, there is a certain opinion in Japan that the disposable parts of the world should be turned over to support this larger population. The same statisticians figure that on the American standard the world is capable of supporting

about one billion. The present population is about one billion and three quarters. Now the fundamental struggle back of all immigration questions is whether we are going to have two and a half billion people in the world living according to the Japanese standard, or whether we are going to try to bring the resources and productive power of the world up to a point where it can support one billion and three quarters in something like the standard of living to which we have been accustomed in this country. So the struggle goes on, and the United States, I feel very certain, will remain absolutely iron-clad on the question of immigration from the more populous lands of Asia in which a great measure of the population is living at the starvation point, in a situation such as Mr. Batchelder has outlined in Japan. The Chinese are not at present raising this question of immigration, however, so that that is not an outstanding issue in our present Chinese policy.

On the question of tariff, the United States has been benefited, as have all the other nations, by the five per cent customs duty on the shipment of goods into China, but we have no particular interest in maintaining that tariff because the larger share of our exports to China is oil, wheat, and machinery, such items as China could not produce in her own borders no matter how high the tariff, and if she wants to put up the tariff it simply means that her own people would have to pay that much more.

As Mr. Oiesen has told you, we have no American Concessions in China. We had one at Amoy which was so small that the State Department had forgotten we had it, but I think it has now been merged with the British Concession there so that we can say, not only practically but absolutely, we have no Concessions in China—and we don't want any. Nor have we any Settlements there, so there is no issue between China and the United States on those points.

We have, however, the right of extraterritoriality. In fact, that right was first obtained from China by an American, Caleb Cushing, who negotiated the first treaty between China and the United States.

The United States is not in favor of seizing any territory in Asia. There have been Americans from time to time who were in favor of seizing territory, but the country was not in

favor of it until the Spanish-American War threw the Philippine Islands in our lap. Cushing conceived the idea that if we could have the right of extraterritoriality in China we could secure the same benefit in trading with the people of China as the British secured by having a base at Hongkong. After that all of the other powers acquired it, and since the war some of them have lost it, as Mr. Oiesen has outlined. Our American people are perhaps divided very nearly evenly on the question. Many missionaries have said they would be glad to give up the protection of extraterritoriality. I have seen no large number of business men who would be glad to do so. Even on that point it is conceivable that we could come to some agreement with China, and the problem between America and China could be solved along the lines that the Chinese desire—the amendment of the treaties and the abolition of extraterritoriality.

Before deciding, however, that the State Department is negligent in not immediately conceding these Chinese demands, let us look for a moment to the position of some of the other powers. Great Britain is one of the oldest powers to deal with China. Her commercial, industrial, and financial interests there are vastly greater than ours, and her political interests, of course, are even more preponderant. With India and Burma and her other possessions to the southeast and southwest, she has political considerations which do not affect us because of our retention of the Philippines. For Great Britain the chief items of import in China are cotton goods, a product which China herself, properly organized, can produce and produce more cheaply than they can be produced in England and shipped to China. Thus a rise in the tariff on cotton piece goods would distinctly hurt British industry.

Japan, on the other hand, would be still more hurt. Japan's trade is nearly twice the amount of ours and it is largely in piece goods. The Japanese mills furnish a cheaper grade of piece goods which forms the material for the clothing of the greater part of the Chinese. Mr. Batchelder has pointed out how Japan is industrially balanced on a narrow edge and can't stand too much of a shock to her industrial structure without serious trouble at home. Suppose, then, that the great Chinese market to which she exports vast quantities of cheap

cotton goods were cut off by a high tariff wall which kept out Japanese products, and China made use of her own factories to supply her own needs for such goods. Japan's situation would be much more serious than ours.

The Russian trade and commercial problem is not so great. Russia is relatively a small factor at the present time, commercially and industrially speaking. Yet we can see how each one of these nations, while variously interested, some to a greater, some to a less degree, could settle their troubles with China. Why, then, don't they do it?

The answer is to be found to some extent in the political situation. These nations—highly developed, Occidental industrialized nations in greater or less degree—all push in toward China, the vestige of an ancient medieval empire, torn by a revolution which attempted to set up a republic which never has even got to the proverbial state of a house of cards. It has never been built up far enough even to be knocked down and it isn't in this condition yet. The reason that the Chinese problem is so difficult, and the reason that there are two such opposing views of American policy is because of this political situation. China is an international vacuum. There is no government to fill the space which geographically occupies China, so that when the United States, Great Britain, or France, circling around her, reach out their hands, they meet nothing in China, but go across and meet some other power on the other side. So that we have over and above the problems with China herself, the interrelations between those encircling powers, which form part of that greater problem, the division of the world between its great nations.

The policy of the United States, perhaps, should be to serve as peacemaker in the circle. A great many years ago a very wise man said, "Blessed are the peacemakers but they shall see stars." Possibly some such consideration as that has kept the United States from taking the rôle of peacemaker. Perhaps a better figure is to suggest that we are there to "hold the ring."

The traditional policy of the United States from the days of Cushing to the present time has had various occasional turnings to the right and left, but the main line of policy has been that in China and other parts of Asia across from our shores

there must be strong, independent Oriental states. That policy has triumphed absolutely in the case of Japan. She is organized and independent. In China we have had the same policy. China must not become the field for imperialistic aggression and absorption by European states. Our policy can be traced back nearly a century, although it is usually associated with Mr. Hay and the notes in regard to the Open Door policy. The Open Door notes were really a retreat from the American policy. They looked to the time when the various nations would have established spheres of influence, would have marked off different sections of the country which would be German and English and French, and they simply asked, if you are going to take China and cut it up, will you promise not to shut out our merchants and traders? That was the sum and substance of the Open Door policy. It was a retreat. The Washington Conference has brought us back to the original position by securing an agreement from the greatest powers that not only shall a Chinese government be continued in China, but the integrity of China herself shall be preserved, and all the powers have agreed to recognize that integrity and to keep China as an integral whole.

But there was one great power not represented at Washington, and that was Soviet Russia. Soviet Russia has lost her rights in China under the treaties and for that reason among various others is antagonistic to the Western powers—Great Britain, France, Japan, and the United States. In this matter I include Japan among the Western powers. Russia, therefore, still presents a difficult problem in the international situation centering in China.

Russia for nearly one hundred years has been driving across Asia to secure a port on warm water on the Pacific, just as for many years before that and during that time she has been driving south to get Constantinople or some other port on warm water in Europe. Russian imperialism has marched forward and backward across Manchuria and, driven out by Japan, it has turned to Mongolia, and a few months ago had made striking advances in the neighborhood of Peking itself. Russia is in some sense an international outlaw, a nation not recognized by the United States yet exercising a powerful influence in China. Soviet Russia is driving into China more



aggressively or just as aggressively as ever did the old Czarist Russia, and the United States is asked by some to give up its position in China and "turn it over to the Chinese," a euphemism under such circumstances for "turning it over to the Russians."

Japan and Great Britain since the Washington Conference have observed a very correct attitude toward China. The old tendency to take a bite here and a bite there and expand and grab has shown a marked decline since the time of that Conference. Possibly the chastening of the war had something to do with it, at least in the case of Great Britain, and unquestionably the extreme isolation in which Japan found herself placed after the war and her reception back into the family of nations on the terms of the Washington agreements has had its effect there. But Japan and Great Britain to-day are playing fair with China. Russia has not been. What, then, should American policy be?

We first want to give China all that China can take, all that China is ready to take. But we can't simply throw it at China and turn our backs and go, because we have Russia standing there ready to grab, and we don't know what the result of such a course might be. If Russia did start in, we don't know but that British and Japanese imperialism might experience a revival. Therefore, we want first to give China all she is entitled to take; second, we want China to be able to keep that when we do give it to her. These two desires determine our policy. It must march along the narrow path which I have suggested even though it cause the criticisms of the government's recent course in the Far East. We want China to get all she is entitled to and we want to keep those things for China when she does get them.

China has asked for various things to be returned to her, among them her national sovereignty. Very good, but national sovereignty is a function of an organized state. Nobody but an organized state can exercise the powers of sovereignty. Until the Chinese people, great as they are, do organize their national power and national spirit into a modern state which can live in this modern world, there is nothing to exercise the powers of sovereignty. There is no place it can stay, no one to assume the duties and obligations that appertain to sov-



ereignty. Therefore, the United States cannot simply withdraw and say, "Here are your rights; now get others from Russia, and Japan, and the rest." China couldn't do it. She would disappear in the debacle which would follow. We must at the same time we say we are willing to turn over these things to China, say to China, "You must on your side organize your people in such a manner that you will be able to take and keep these things."

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## DISCUSSION: THE FAR EAST<sup>1</sup>

MR. VINCENTE VILLAMIN:<sup>1</sup> The most significant political fact touching the Pacific international situation is the passing away of the Anglo-Japanese Alliance. This has made for the crystallization in spirit of Anglo-American *rapprochement*, the strongest of the forces, in my humble judgment, that supports the political stability of the Pacific. It was the Four-Power Pact negotiated at the Washington Conference on the Limitation of Armament that scrapped the Anglo-Japanese Alliance on the formal representation that the reasons for the alliance had ceased to exist.

The Philippines are the chief political inducement and the territorial stake on the part of America in becoming a signatory to this pact. It stands to reason, therefore, that the withdrawal of America from the Philippines would amount to a denouncement by America of further participation in the pact.

The lapsing of this quadrilateral arrangement would result naturally in the establishment of the *status quo ante* in the Pacific. Anglo-American accord would have to give way to Anglo-Japanese coordination, and the sequel would be a political realignment in the Pacific.

An analysis of the interests and purposes of the powers in the Pacific tends to the conclusion that, under the reconstructed political alignment, America's stabilizing influence in Pacific affairs would inevitably suffer appreciable diminution. The possible revival of the Anglo-Japanese Alliance is fraught with fundamental significance to America and will render improbable any attempt looking to reduction of armament on the part of America.

These considerations affect world peace. Truly America's course in the premises is of immeasurable consequence to the maintenance of peace. Not that Anglo-Japanese collaboration would not uphold a Pacific equilibrium but that Anglo-American — and better still, Anglo-American-Japanese — co-

<sup>1</sup> Mr. Villamin is a Filipino lawyer whose address is 4996 Broadway New York City.

operation would be a much more formidable guarantee against any alteration of peaceful conditions in the Pacific region.

May I interject right here that I am profoundly impressed with the discussion relating to the natural resources of China and Japan and the relation of these resources to population problems. I am fully persuaded that Japan has a tremendous problem of adequately feeding her fast-growing population. It is to Japan a life-and-death struggle, a matter of national self-preservation.

As a Filipino I want the Philippines preserved for Filipinos. As a nationalist I want the juridical identity of the Filipino people permanently conserved. As an internationalist, in the sense of the universality of human interests, I decry racial combinations and intellectual alignments predicated on anthropological theories. And as a citizen of the Philippines I should express preference, if I must, for that country as an associate which could bring most tranquility and contentment to my native land.

MR. SIN LEY CHANG: I must say I have appreciated immensely the attitude of the various speakers in regard to the problem of China. I am a Chinese student at Columbia, and I would like to say a few words in behalf of the Chinese youth, who has been mentioned by several speakers.

The point of view taken by foreign residents in China may be divided into two extremes: the one taken by the residents, that is, the merchants and the traders, and the other taken by the missionaries. The truth, perhaps, lies between the two extremes. The missionaries are more likely to take a very emotional attitude and say everything good about China and that China should have everything she wants. On the other hand, the merchants have interests in China and want to hold what they have.

I have heard many comments made on the attitude of the Chinese student recently. There seems to be a general feeling among the American public that the Chinese students have gone to the extreme. They tend to demand everything that China wants without dwelling on facts. Now the reason why they take such extreme attitudes is perfectly clear. It shows how deeply they feel toward the national problems. On the

other hand they really want to be perfectly fair. Some of them do not say very many good things about America or other countries. It is because they take it for granted these things are understood. But we want to be perfectly fair and want it realized that there are two sides to every question.

Take, for instance, the question of civil war in China. That is one of the arguments against granting China tariff autonomy or the abolishment of extraterritoriality. We admit all these civil wars in China are senseless and that they constitute an obstacle to unification. But on the other hand we want you to understand that back of every general overturn there is some one nation who is supplying munitions. That is the thing we want you to see on the other side.

You also see the Chinese political criminals escaping from justice unpunished. Where do you find them? You find them in foreign settlements, and that is one reason why we demand the abolishment of extraterritoriality, so criminals will be punished and civil war will end.

Take the customs administration: We admit the perfectly efficient administration and we appreciate what the foreigners have done for us. Then, on the other side of the question, we want you to understand that China has a right to demand that China administer her own customs because it is a national institution, no matter how efficiently the foreigners may run it.

**PART IV**  
**THE DANUBIAN AND BALKAN STATES**

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## PROBLEMS OF EASTERN AND SOUTHEASTERN EUROPE<sup>1</sup>

EDWARD MEAD EARLE

Associate Professor of History, Columbia University

IT is perhaps wise in opening this Round Table to make a general statement of some of the problems which face all of the eastern European and Balkan states in varying degree. I shall therefore make a brief preliminary statement of some of the more important issues of eastern European politics, allowing the several speakers to develop in greater detail the particular phases in which they are interested.

If you take the vast region of the Danubian and Balkan states and consider their political and economic problems, you base much of your discussion upon the premise that these countries represent succession states of three great empires which existed in eastern and southeastern Europe before the war: the empires of the Romanovs, the Hapsburgs, and the Ottoman Sultans. Although the Ottoman Empire almost disappeared from the Balkans before the outbreak of the Great War, it is not unfair to say that the dead hand of Ottoman rule is still resting in some degree upon the Balkan Peninsula.

The striking thing about this change from control in eastern and southeastern Europe by three great imperial systems to control by a group of national states, is that although these great empires were ethnically heterogeneous, they were economically homogeneous. They were unified economic systems, whether they were politically unified or not. Their disruption, therefore, was certain to cause a variety of economic and political problems to be solved by their heirs, the national states of eastern and southeastern Europe.

In general, the map of eastern and southeastern Europe was remade on the principle of nationality. But ethnic frontiers, national frontiers, do not of necessity coincide with economic frontiers. Hence certain ports, such as Trieste and Saloniki, for example, which before the war served a fairly extensive hinterland within common imperial boundaries, now

<sup>1</sup> Introductory remarks made by Professor Earle as Chairman of Round Table No. 7.

serve a hinterland which is sharply split up by customs frontiers and by international complications. The railways of eastern and southeastern Europe were built with some reference to imperial purposes and are not necessarily adapted to the international purposes of the present states of eastern and southeastern Europe. There is also the problem of river navigation, of which you will hear something. The great Danubian river system before the war was largely within the domain of the Austrian empire. It now cuts across a number of national frontiers and lies within the territories of a group of national states. In some cases frontiers departed from nationalist lines and were redrawn on the basis of strategic or economic considerations. Here in serving strategic and economic purposes the peace-makers frequently violated nationalistic aspirations. The consequence is that you have throughout eastern and southeastern Europe the very important problem of minorities which, according to some students of European history, has been responsible for erecting in this region a group of potential Alsace-Lorraines and which will require, of course, a considerable amount of farsighted statesmanship to avoid Irredentism and the type of minorities agitation which characterized the pre-war period.

Journalists are likely to describe these phenomena which I have been mentioning under the general term Balkanization—a term which, stripped of its invidious connotations, simply means that regions formerly under imperial rule have been divided into small national states, each fearful and jealous of its sovereignty, each surrounded by a tariff wall, each tending to rely for defense upon its own military and economic resources or upon a system of competitive diplomatic alliances.

However, not all of the problems of eastern and southeastern Europe arose as a result of Balkanization. There is, for example, the problem of economic reconstruction growing out of the war. It is perhaps difficult to make clear to Americans who have concentrated their attention upon the problems of France and Belgium that there are in eastern and southeastern Europe vast devastated areas. There was a time, as you know, during the war when Poland and Serbia were literally wiped off the map by reason of the goings and comings of contending armies. You will recall, of course, that certain of the

eastern and southeastern European states were inherent parts of the central empires and as such during the war period were subject to the economic and physical consequences of the blockade. Furthermore, within some of the succession states there has existed since the war the perpetuation of problems raised by the blockade during the war. In the case of certain of the Balkan states there has been not merely the problem of the Great War but of the wars preceding the Great War. In reality you may say that there have been fifteen years of almost uninterrupted war in the Balkans beginning with the Young Turk revolution of 1908 and continuing through the peace of Lausanne of 1923.

Then there is the problem of militarism in eastern and southeastern Europe. While I do not propose to spend any considerable amount of time on this problem, it might perhaps be summarized in this way: There are probably in Europe no nations which can less well afford to disarm than the nations of eastern and southeastern Europe; and, on the other hand, there are certainly no nations which can less well afford not to disarm than the nations of eastern and southeastern Europe. With that statement I leave the case for development by subsequent speakers.

In the next place there is the problem of the vast movement of populations within this region, particularly in the case of Macedonia and Thrace, where it was impossible to draw boundaries strictly upon nationalistic lines, strictly upon strategic lines, or strictly upon economic lines. In the Balkans there have been interchanges of populations, some of them informal (as between Bulgaria and Greece) and some of them organized and formal (as between Greece and Turkey)—movements of populations on a scale such as perhaps the world has not seen before, certainly not in modern times.

Another major problem which has been raising its head in eastern and southeastern Europe since the termination of the Great War is the conflict of radicalism versus conservatism. You may state it another way, if you will, as the problem of the maintenance of western European systems of government and society as compared with the Bolshevik experiment and its challenges to capitalism and democracy. In the case of some of the eastern and southeastern European countries the problem of radicalism versus conservatism has assumed the

extreme form of civil war, with the result that precious resources of money and property and life have been squandered in fratricidal struggles.

May I perhaps just suggest that there are some exceedingly hopeful signs in this situation. The problems of eastern and southeastern Europe are in a measure the problems of all Europe. They are the problems of nationalism, the problems of adjusting economic frontiers to nationalistic considerations or nationalistic frontiers to economic considerations. They are the problems of reducing armaments. They are the problems of economic reconstruction. In so far as Europe concentrates its combined resources and intelligence upon their solution, eastern and southeastern Europe will of necessity benefit. On the other hand, be it noted that many of the most striking contributions toward the solution of these problems have originated with the statesmen of eastern and southeastern Europe.

Another hopeful sign is the very potent fact that if nationalism is rampant in eastern Europe, as it is rampant throughout all of Europe, there are exceedingly encouraging indications of the willingness of the eastern and southeastern European peoples to cast in their lot with a broader system of European statesmanship based upon international cooperation and international law. Fresh in the minds of all of you is the very salutary incident of the adjustment by the League of Nations of a serious controversy between Bulgaria and Greece. The border war which broke out in connection with that controversy created a situation which ten years ago would almost certainly have precipitated a Balkan war if not a war involving all of Europe.

Finally, be it said that although the above-mentioned imperial systems were economic units and although their break-up into national states has of necessity created serious economic problems, at least the present situation is one in which the peoples of eastern and southeastern Europe are free to work out their own destiny in their own way. They are free peoples; and as free peoples relieved from the deadening influences of imperial rule, they will almost certainly be able, not merely to solve their own problems, but to contribute powerfully to the solution of those problems which in a wider sense are European and in a still wider sense are world problems.

## REMARKS BY THE CHAIRMAN<sup>1</sup>

H. WILSON HARRIS

WITH regard to the topic of our meeting which has been so ably introduced by Professor Earle, under the general head of the Danubian and Balkan States, I think it is just as well that we should define the geographical limits of our discussion. It is rather a pity, I think, that we haven't a map behind here in the place occupied a few days ago by Admiral Pratt's very interesting summaries, but we have not, and we must assume that each of us carries a clear idea of the geographical conditions in that portion of Europe in his head.

The two divisions of our subject will hardly stand. Professor Mises is going to speak immediately about "The Economic and Financial Prospects of Austria", not of Hungary as stated on the paper. That heading, of course, holds the field. With regard to "The Economic Frontiers in the Balkans," which is to be dealt with by Mr. Fierlinger, I think we must amend that title a little. I have never yet heard Czechoslovakia referred to as a Balkan state. The Balkan states are commonly regarded as four—Yugoslavia, Greece, Albania and Bulgaria, with a very small portion of Turkey, although Turkey is, of course, now an Asiatic state. Rumania is occasionally referred to as a Balkan state but she does not appear to welcome that appellation. She prefers to regard herself as belonging to the Little Entente and forming part of a Central European group rather than of a Balkan group.

We in Europe regard the Balkan states as constituting the danger zone of Europe and those who are accustomed to demonstrate the increasing stability of Europe, a stability increasing, I think, in spite of certain appearances, usually point to the fact that notwithstanding all the many incentives to war in the Balkans, there has in fact been no war in the Balkans

<sup>1</sup>After Professor Earle's introductory address at Round Table No. 7, Mr. Harris was prevailed upon to take the chair, while Mr. Earle spoke at Round Table No. 9.

since the Great War ended in the year 1918, and on the only two occasions when the sparks of war began to fly, namely between Albania and Yugoslavia in 1921 and between Greece and Bulgaria in 1925, the League of Nations was fortunately able to take the matter in hand and damp those sparks out before they grew into any flame at all. If that flame had sprung up, no man after July 1914 can say to what distant regions it might have spread. It might as before even have reached to this side of the Atlantic.

But the great virtue of the position I hold today is that I am relieved of the responsibility of making any address and therefore I will curtail my remarks forthwith.

Our first definite paper or address is by Professor L. Mises, Professor of Economics, University of Vienna, and Secretary, Vienna Chamber of Commerce. He is to speak on "The Economic and Financial Prospects of Austria" and of course, that subject has a very special interest to us. An economic experiment without precedent in the history of the world has been in operation in Austria for the last two years. It has come to an end because the objects for which it was instituted have been achieved, in the opinion, at any rate, of the financial experts primarily responsible for the formulation and administration of the scheme. In Austria—I think I am right in saying—more than one opinion is held as to the benefit of the scheme to Austria itself. Therefore, it is with very great pleasure that we shall hear an authoritative statement on that subject by Professor Mises.

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## THE ECONOMIC PROSPECTS OF AUSTRIA

L. MISES

Professor of Economics, University of Vienna, and Secretary of the  
Vienna Chamber of Commerce

**I**N the first years after the armistice the Austrian Government found it impossible to cover its expenditures by the proceeds of taxes. The state bought foodstuffs abroad and sold them to the people of the towns at a price lower than they were purchased for. As the amount was not sufficient, the inhabitants of the cities starved. Private enterprise was not able to supply their wants as the legal limitation of prices made business unprofitable. Another source of the government's financial distress lay in the unfavorable results of the management of such governmental enterprises as railroads, forests, telegraphs, salt mines.

The reform was inaugurated by the discontinuation of the government's food purchases. As a consequence of this decision it was made possible to stop the further issue of paper currency. The old Austro-Hungarian Bank was dissolved and the new Austrian National Bank, which began its operations on Jan. 1, 1923, issues notes only to meet the demands of business. For four years the treasury has not received any loan from the National Bank. On the contrary, an important part of the government's debt to the bank was paid back.

By a radical reduction of expenditure in every branch of governmental activities it was possible to balance the budget. It was not even necessary to touch an important part of the loan granted by the League of Nations for other purposes than for investments.

It would perhaps not be correct to say that the Austrian budget is already absolutely stabilized. An important reform of every branch of the governmental enterprises must be accomplished before this end is definitely attained. But it cannot be denied that Austria's financial situation is constantly improving.

The commercial outlook may be less favorable. The draw-

backs resulting from the trade barriers erected by the several European states are too well known to be mentioned explicitly. Yet I must call attention to the fact that since 1925 Austria's trade balance, although still unfavorable, has been gradually improving. As a further pleasing feature, I should like to note that in the last weeks unemployment figures are decreasing.

In conclusion we are entitled to hope that Austria's economic and social development will continue to progress. What our country needs most of all is peace and good will among the nations.

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## REMARKS BY THE CHAIRMAN

H. WILSON HARRIS

PROFESSOR Mises, as is very natural, has dealt only with the subject of Austria. It is rather unfortunate that we have no one here qualified so far as I know, to deal with the kindred problem of Hungary. The problem of Hungary—or rather the treatment of that problem—is in some ways even more instructive than the treatment of the economic problem in Austria because, though Austria had the honor of being the pioneer as a subject of experiment, in the case of Hungary it was possible to profit by the experience gained in the working of the Austrian scheme and therefore, successful as the Austrian scheme has been—as Professor Mises has very clearly shown—the Hungarian scheme has been much more strikingly successful. Certain political difficulties in the way of launching that scheme were in some respects greater, because, while no one ever suspected Austria of any malign intentions against its neighbors, there were states which rightly or wrongly did entertain that suspicion in regard to Hungary and they were therefore less willing to make the arrangements necessary before the financial reconstruction of Hungary could be undertaken.

There is another reason why I wish we had had an account of the Hungarian scheme here and that is that as everyone knows, I suppose, the League of Nations, when it had to find a high commissioner to administer the scheme at the Hungarian capital, Budapest, came to this side of the Atlantic to find him, and appointed Mr. Jeremiah Smith, Jr., of Boston. I am speaking subject to no correction whatsoever when I say that no man who has served the League of Nations in one capacity or another has served it with more unqualified success than Mr. Jeremiah Smith. He has discharged his rather delicate duties with all the delicacy that they required; he has obtained the good will of the Hungarian Government and on the practical side he has shown evidence of all the ability that is necessary in a position of that sort. If I may just mention

one single factor before sitting down, when Mr. Jeremiah Smith gave an account of the first year's working of the Hungarian scheme, he had a very remarkable result to report. In Hungary as in Austria, the experts who planned out the scheme had to face the problem of how expenditure and revenue could be balanced. Expenditure had to be reduced by cutting down superfluous civil servants and superfluous costs of one kind or another; revenue had to be raised by gradually increasing the taxes, and it was estimated at the outset that after one year's working, the deficit on the Hungarian budget ought to have been brought down to a figure of 100,000,000 gold crowns. When Mr. Jeremiah Smith came to Geneva to report on the first year's working, he was able to tell the Council of the League of Nations that not only was there no deficit at all in the Hungarian budget, but that instead of the expected deficit of 100,000,000 gold crowns, there was an actual surplus in hand of 63,000,000 gold crowns, so that instead of the external loan which was raised for the purpose of balancing the budget having to be used for that purpose it was possible to divert some of it to constructive expenditures such as improving the postal and telegraph systems and the electrification of some of the railroads, etc.

I think perhaps that brief reference to Hungary is justifiable, seeing that we had on our paper the title "The Economic and Financial Prospects of Austria and Hungary."

We will now pass to the second section of our subject which is called—or I venture to say miscalled—"The Economic Frontiers in the Balkans." The first address on that subject is to be given by Mr. Fierlinger, Minister to the United States from Czechoslovakia.

I remember hearing the other day that the factor mainly responsible for the success of Czechoslovakia in making a good impression abroad is the astuteness of Dr. Benes, the foreign minister of Czechoslovakia, whom I have the privilege of knowing well and who always seems to me better worth talking to than any other single man in Europe. When Dr. Benes first took office, I believe it is a fact that he found in various capitals many estimable but elderly gentlemen who did not fulfill his ideals of diplomatic representation, and he very dexterously invited them back to honorable positions in his own country

and substituted for them young and able men who have, in almost every case, discharged their duties with conspicuous ability. I know that the Czechoslovakian ministers in London and in Paris and in Berne certainly answer to that description perfectly and I have not the very smallest doubt that this meeting will feel, when it has heard Mr. Fierlinger, that he belongs to one of that very distinguished category.

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## CENTRAL EUROPE AND THE BALKANS

ZDENEK FIERLINGER

Minister to the United States from Czechoslovakia

I WAS asked to say a few words on Central Europe, and particularly on the relations of Central Europe to the Balkan States. At least, I understand that question in this sense. Professor Earle and Professor Mises developed here very interesting ideas which certainly would lead to a very useful discussion, should we have the necessary time at our disposal. I should like, however, to use the few minutes during which I will trespass on your patience to add a few remarks from a general point of view.

Public opinion here in America has been very unfavorably impressed by the different disquieting symptoms which, exist in Europe to-day. The political antagonism of the different European states, the economic disturbances of all kinds connected with social unrest, the conflicting interests of agriculture and industry which developed in many countries in consequence of high protective tariffs accorded to the latter after the war, the different racial and religious problems, and last but not least the recent difficulties at Geneva—all these symptoms seem to confirm the pessimistic opinion which prevails here in the United States and it is not astonishing that some very dark views have been displayed about the near future of Europe. The Locarno Pact prepared by the Dawes Plan and by the gradually changing mentality of the people in Europe shone bright for a moment through these clouds and was accepted everywhere and by everybody as a sure token of a new epoch. We all know that it is a great achievement and all our hopes are attached to its final realization, and we are ready to make all sacrifices to attain it. However, there have been many who from an exaggerated optimism have fallen suddenly into a dark pessimism, seeing the difficulties at Geneva, and various conjectures have been made as to a complete failure of the League.

Professor Mises showed us what are the prospects of Austria.



We are hopeful that the situation in Austria will improve. It has already improved considerably and we must sincerely congratulate Austria on her splendid effort towards economic recovery.

As to Czechoslovakia and Austria, there have been recently wild rumors circulated and new political alliances in Europe have been predicted. I am mentioning this quite incidentally because not so long ago I was obliged to deny categorically similar rumors. Of course, it was quite easy for Austria and Czechoslovakia to disperse these rumors by pointing to the arbitration treaty which was signed recently at Vienna, and the growing friendship between Czechoslovakia and Austria, confirmed by the reciprocal visits of Mr. Ramek and Mr. Benes. Indeed any other policy would be absurd. It would mean the destruction of the whole constructive work which has been done since the armistice in this direction.

As to the Balkan States, the situation has grown much brighter in the last few years. Of course, the Balkan States have still very difficult interior problems, but their mutual relations have grown more satisfactory. It would be, of course, premature to speak about a new Locarno treaty while the first one is not yet ratified but it is significant that there have been discussions which show that similar tendencies exist elsewhere and that especially the Balkan States are ready to enter upon such a policy as soon as special, technical, may I say, problems in connection with the free outlet of certain states to the Aegean Sea are definitely settled.

Then and only then, when the political status in Europe is definitely settled, we shall be able to study seriously the various economic problems. I do not believe in the possibility of radical change in the European economic and commercial system. Europe has her traditions; she is profoundly individualistic. The different states are too jealous of their independence. There are too many prejudices to be overcome. That there will be a sensible amelioration in this respect I do not doubt, but the creation of the perfect economic entity, although desirable, as shown by your great country, is scarcely possible in the near future. The reduction of the different protective tariffs before the war progressed always very slowly. Thanks to commercial treaties, thanks to the most-

favorable-nation clause, which is a most powerful instrument in reducing the Chinese walls of protection, Europe gradually made progress on a path leading to a more liberal commercial policy. This automatic process was interrupted by the war; it has been resumed since but we must carry it on more effectively, more energetically. I personally believe and am confident that the work which is being done by the Economic Committee at Geneva is most important and most useful. Certainly the scope of this work is still very narrow. It was limited so far to the discussion of various passport and customs formalities, but I am sure that with a greater authority it will be able to attack more serious problems and especially the tariff problem in Europe.

Serious economists in Europe, as well as in the United States, recommend close economic union between the various Danubian states—a sort of Danubian Zollverein. Experience shows that customs union means always, more or less, a political union. This would hardly constitute a practical program for these states which found such a union so difficult in the past. Furthermore it does not seem feasible on account of the fact that the rest of Europe would be hostile to such a union and would not accept it. The different European states today are bound together by a great number of commercial treaties and conventions. Czechoslovakia, for instance, would be obliged to denounce about thirty-five commercial treaties before she could change her commercial system, before she could enter on a new path in this direction. It is very significant that special clauses of the treaties of St. Germain and Trianon giving to the Succession States the possibility of interchanging special economic advantages, which should not be claimed by the Great Powers, have never been utilized. We became a part of the whole European system and we, of course, must conform our interests to this new situation. I personally am not seriously afraid of the splitting up of Europe into too many small economic units. Experience shows that a smaller state can indulge in a more liberal commercial policy than a larger state where a great variety of interests claim protection. Countries like Holland, Sweden, Norway, Denmark, Switzerland, in pre-war times always had a lower tariff than the other larger states on the continent.

The economic separation of the Succession States—I mean separation of industrial countries like Czechoslovakia, for instance—from the other countries which constituted the territory of the former Austro-Hungarian empire has, of course, various and manifold drawbacks. Typical in this respect are the relations between Czechoslovakia and Hungary. Somebody figured out that our present exports to Hungary have fallen to about seventeen per cent of the pre-war commercial traffic between Czechoslovakia and Hungary. Hungary after the war, in order to develop her industry, increased her tariff considerably, and consequently we are losing our market there. However, studying statistics carefully we find that on the other hand our exports to Yugoslavia, to Rumania, and especially to countries with a good currency like England, France, Spain, the United States, increased considerably. The partial loss of our immediate markets is compensated by the increase of our exports to other countries. Of course, in order to judge quite well all factors which created this situation we must at the same time take into account the depreciation of the currency in the different European states, and the general impoverishment of the population in Central Europe, which lowered its buying capacity.

As to the Balkan States, I am confident that we shall very soon arrive at a very close economic collaboration with them. The Balkan States having an eminently agricultural basis are ready to collaborate economically with the more industrial Central European States. It would be, however, a great mistake to try to impose upon them a determined policy in this respect. We must not forget that the high protective tariffs are chiefly due to budget difficulties, and in less degree to a legitimate desire to protect their special industries which suffered by the war and are in need of capital. Only by a policy inspiring confidence, by giving financial help and assistance, shall we be able to adjust the present situation in a more favorable sense toward a close collaboration with these states.

It would be therefore very difficult to speak about the Central European States, or about the Balkan States, as of a determined geographic, political or economic system. Of course, the Danubian States are most exposed, on account of their central

situation, to any disturbance which may arise anywhere in Europe. The characteristic feature of the Danubian basin is the fact that it has always been the meeting place for different races and religions and consequently the different elements there are far more intermingled than elsewhere. Vain has been the effort of the Hapsburgs to create there a vast economic and political unit with an artificial naval base on the Adriatic. This undertaking failed on account of the political and economic interests which had not been taken sufficiently into consideration. We must now try to solve the problem, but we can do it only by a mutual respect of individual rights and liberties, by developing the true international spirit and cooperation; and by treating the problems of minorities in a calm and scientific manner.

The Secretary of State, Mr. Kellogg, in addressing newspaper men recently at New York, said that Americans are practical idealists, that they will strive only for ideals which they can realize, which lie within the limits of possibility. I fully agree with him.

In fact, in every undertaking and so also in politics it is necessary to have a clear, firmly defined program which takes realities into consideration. The authors of the Locarno Treaty followed this program. It is based on a true international understanding and cooperation, on a mutual confidence, on a gradual development of international law and ethics, on arbitration and international jurisdiction. This program is a necessity, not only for Western Europe; it is a necessity for Central Europe as well as the Balkan States, and all others.

I listened yesterday with great interest to the discussion which took place in the Round Table on Disarmament and especially Mr. Schotthoefer's and Mr. Martin's remarks. Mr. Martin, speaking of disarmament, argued to the effect that the present exaggerated mercantilism and economic particularism is one of the profound psychologic causes of the antagonism of the different states in Europe and one of the many aspects of the present deadlock in the problem of disarmament which cannot be neglected by those who study the problem of disarmament. I quite share Mr. Martin's opinion but I am hopeful that the result of the Locarno Treaty will be not only a

better international understanding in general but at the same time a better international economic cooperation. What Locarno means for Europe was eloquently portrayed by Mr. Briand when he defended the Treaty in the Parliament. It has become the creed of everyone who sincerely desires peace. I feel confident that it has gained so many adherents that we are after all not entitled to be pessimistic about the future of Europe, although there are still many serious obstacles which we must overcome.

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## ECONOMIC FRONTIERS IN THRACE <sup>1</sup>

SIMEON RADEFF

Bulgarian Minister to the United States

THE outlet to the Ægean Sea promised to Bulgaria by the treaty of Neuilly is a problem closely connected with the general question of the economic frontiers in the Near East.

At the beginning of the World War Bulgaria was in possession of a considerable seacoast on the Ægean. By the Treaty signed at Neuilly, November 27, 1919, she had to give up this seacoast in favor of the Allied and Associated Powers, i. e. Great Britain, France, Italy, Japan and the United States. The latter on their part pledged themselves to guarantee to Bulgaria an economic outlet to the Ægean.

A little later these powers with the exception of the United States transferred to Greece the territory taken from Bulgaria. But in fulfilment of the obligation assumed under the Treaty of Neuilly, they worked out a plan at the Lausanne Conference. Bulgaria considered this draft insufficient as it did not conform to the given promise and she refused to accept it. The matter has been left at this point.

From that time on the question has come up on various occasions, but no serious steps have been taken for its solution. Bulgaria is constantly looking forward to the realization of the solemn pledge assumed in her favor.

It has been asked at times whether Bulgaria, having the Danube on the north and reaching the Black Sea on the east, has really any imperative need for an outlet on the Ægean Sea. We must bear in mind in this connection that the middle Danube is not open to navigation for a part of the year and that the Black Sea ends with the Straits. It is true that the Lausanne Convention of 1923 proclaimed the freedom of the Straits, but who is in a position to guarantee this freedom? We remember that in 1912 during the campaign in Tripoli the Sublime Porte decided to close the Dardanelles in order to insure the safety of Constantinople. There is no reason to

<sup>1</sup> Read by Mr. J. P. Doycheff at Round Table No. 7.



doubt that in a similar case the present Turkish Government may take the same measures of precaution. I have just spent two years in Turkey and I can strongly testify to the fact that the Turkish Government is inspired by a genuine peaceful policy, but I must say at the same time that the rulers of Angora, who are even more solicitous of the safety of the state than the Sublime Porte of yesterday, would hardly hesitate for a moment to close the Straits in case of a menacing sign on the horizon or any cause of alarm that may arise in their minds.

This uncertainty with reference to the freedom of the Straits would fully explain Bulgaria's need for an outlet to the free waters. In view of this necessity, therefore, the Principal Allied and Associated Powers took the obligation towards Bulgaria as given in the Treaty of Neuilly.

It was said above that at the Lausanne Conference Bulgaria was made an offer by the Powers who had an interest in the question. Why then did the Bulgarian Government refuse to accept it? The answer to this question has been given many a time. The refusal was due to the fact that the draft offered to Bulgaria an outlet which would run through Greek territory and would pass through a Greek port. I have no intention of saying anything here that would be apt to touch the sensibilities of the Greek people. It has nothing to do with any reflection upon their qualities. But historic rivalry, the memory of past wars, the continuous grievance of the Greeks because of the presence on their territory of an important Bulgarian minority which claims the use of its language and the freedom of its national culture, make it rather precarious if not impossible for a Bulgarian to keep his home in Greece. The uninterrupted exodus of Bulgarians who are obliged to leave Greece and who increase the number of refugees in Bulgaria every day is sufficient illustration of this condition of things. And it is not necessary to go into the details of other grievous inconveniences which an outlet to the *Ægean* Sea through a Greek territory might cause to Bulgaria. Suffice it to say that the Bulgarian merchant does not feel and could not feel at home under a Greek administration. The Lausanne Conference took up only the technical aspect of the question. It is, however, the psychological side of it which is decisive in

this case. Commerce without security is not known, and has never been possible.

But then we have been asked: What kind of an outlet do you claim? Is it a territorial corridor leading from your border to the port of Dedeagatch on the *Ægean*? This claim would certainly not be illegal. A glance on the map will convince any one that both geographically and economically the port of Dedeagatch belongs to Bulgaria. It is only twenty miles from our border. And no one would maintain that to separate a port from a big hinterland lying in such proximity to it is a sound and normal situation. Besides, the statistics compiled in 1919 through the efforts of General Charpy, the French commander of the Allied troops in Western Thrace, have proved that when the *Ægean* coast was taken away from Bulgaria there were more Bulgarians than Greeks in that province. Consequently, Greece has no ethnic rights over the territory which the victory of the Allies gave to her. However legal the claim for a territorial corridor to the *Ægean* Sea from all points of view might be, we do not maintain it. We do not want a modification of the Treaty of Neuilly; we simply claim its loyal application. What does the Treaty of Neuilly provide in article forty-eight? Two things: first, that Bulgaria should cede Western Thrace, i. e. the *Ægean* Coast, to the following Powers: Great Britain, France, Italy, Japan and the United States; second, that the same Powers should guarantee to Bulgaria an economic outlet on the *Ægean* Sea.

We should not consider these two paragraphs of the same article separately. They are linked together. They supplement each other, they explain one another, and one is conditioned by the other. What is then the real meaning of article forty-eight of the Treaty of Neuilly? It is the following: An outlet to the *Ægean* Sea was promised to Bulgaria. This outlet should be an economic outlet and it should pass through an Allied territory. The Treaty of Neuilly does not presume a Greek Thrace. Thrace was offered to Greece later on. The Treaty of Neuilly provides for a Thrace ceded by Bulgaria to the five Great Powers, so that it is a question of an Inter-allied Thrace.

When we concluded the Treaty of Neuilly we had no reason to believe, neither did we have any ground for suspicion, that

the coastal region taken away from Bulgaria was to be given to Greece. We ceded our *Ægean* coast to the five Allied and Associated Powers with the firm and legitimate conviction (which was not denied by them at any time) that this territory was to remain in their hands and that it was to receive an international administration. We have the right to believe that at the time when the Treaty was signed the five Allied and Associated Powers did have the decided intention to keep Western Thrace in common and to administer it in a mandatory fashion. If anybody should assume that at this time these Powers already had in their minds the idea of renouncing this territory in favor of Greece, he would thereby admit that Bulgaria had been abused, for we would have never signed a treaty that would have placed Greece between us and the *Ægean*. There would hardly be anyone in Bulgaria who would for a moment cherish the idea that the five Powers had been guilty of this lack of good faith. Our conviction is that while Greece was given the Bulgarian seacoast, Great Britain, France, Italy and Japan reserved to themselves the right to guarantee to Bulgaria a free exit to the *Ægean* Sea. It was under these conditions that they received Western Thrace from us and they might only transfer it to Greece under the same conditions.

The four Allied Powers, therefore, have the right to dispose of the formerly Bulgarian *Ægean* coast in such a manner as to assure an exit for Bulgaria. How may this exit be guaranteed?

If we discard the question of the territorial corridor there remains only one satisfactory solution, and that is the political corridor. If an international zone, administered directly by the League of Nations, is actually established from the Bulgarian border down to Dedeagatch, including the port, we would feel that our transit has obtained the necessary guarantee and security.

If such a solution acceptable to us is realized, will it in any way be injurious to Greece? I do not think so. On the one hand, the satisfaction given to Bulgaria would do away with the grievous litigation between us and Greece and would put an end to the present order of things both contrary to the treaties and abnormal from a geographic and economic point

of view. On the other hand, such a mandate entrusted to the League of Nations, making that body more closely interested in the Balkan problem, would furnish to Greece a new element of tranquility and to the Balkans a new pawn for peace.

Scrutinizing the problem a little further, we might arrive at the conclusion that Greece may be in a position to raise some objections on points of law pertaining to her right of sovereignty. But is the sovereignty of Greece over Western Thrace from a legal point of view strong enough to be placed in opposition to a solution beneficial to all? It is to be doubted. What is in point of fact the situation in Western Thrace from a legal point of view? We have already mentioned that this territory was ceded by Bulgaria to Great Britain, France, Italy, Japan and the United States. The first four Powers renounced their rights in favor of Greece, but no one may give more rights to another than he possesses. The four Powers gave to Greece just their part of the sovereignty over Thrace. What has then become of the part that belonged to the United States? They certainly have no right to keep it because the Senate has not ratified the Treaty of Neuilly. To whom will that part of the United States refused by her at a later time revert? Will it fall back to Greece? There is no reason for it. Logically, the part belonging to the United States in the condominium created by the Treaty of Neuilly should revert to the original owner of the territory, i. e. to Bulgaria.

I would not dwell longer on this very embarrassing question. It is a question of law and should be left for the time being to the jurists. I would like only in passing to point out that the Greek sovereignty over Western Thrace might be contested from a legal point of view also, and therefore it should not stand seriously in the way of a sincere and useful solution of Bulgaria's issue with reference to the *Ægean Sea*.

Leaving aside the objection on grounds of sovereignty, it would not be to the best advantage of Greece to oppose the acceptance of the Bulgarian demand and that is the reason why Bulgaria hopes that a satisfactory solution both for her and for Greece might be obtained from the interested powers. I call them interested because they have taken an obligation towards Bulgaria and the Bulgarian Government has always referred the question to them.

## THE BALKANS AS AN ELEMENT OF EUROPEAN PEACE

ADAMANTIOS TH. POLYZOIDES

Editor, *Atlantis*, New York

ONE of the strongest, if not the strongest, indictment against the peace settlement of 1919 is that it has brought about the Balkanization of Central and Eastern Europe. The commonest meaning of this word is the splitting up of large state bodies into smaller political organisms, mutually opposing each other, and continuously fighting the battle of political supremacy at mutual expense.

We were told at the time that such an arrangement by which new national states were created at the expense of the overthrown monarchies of Germany, Austria-Hungary, Turkey, and last but not least, Russia, was based on such lofty and honorable principles as the right of self-determination, the right of nationality, and the right of political freedom. We were also told that the existence of imperial states in the heart of Europe ruling by sheer force a number of peoples who at one time or another of their history fell under the domination of their mightier opponents, was a challenge to our spirit of Democracy, and almost a denial of our twentieth-century civilization.

And yet, not a decade has passed since the establishment of peace, and what we hailed in 1919 as a triumph of Democracy is now curtly denounced as the crowning achievement of a policy of Balkanization.

The authors of the peace settlement naturally protest against this characterization of their handiwork; and they are right. What they did in the case of the new European states that arose from the overthrow of the three, or rather four European Empires—assuming that Turkey as the possessor of Constantinople still remains a European power—was simply to repeat the process inaugurated a hundred years earlier by those statesmen who helped create the original Balkan states. If Greece, Serbia, Rumania, and Bulgaria, and very recently



Albania, were helped to become independent states, why should the creation of the Baltic and Central European states not be hailed as a triumph of the principle of nationality and as a lofty expression of the right of self-determination?

To this there is an answer, based on the profound and radical changes that have taken place in the political, social, industrial and economic structure of Europe in the last sixty or seventy years.

The erection of the original Balkan states has not created one tithe of the problems which the splitting up of the Austro-Hungarian Empire has precipitated. The political evolution of the original Balkan states was a much easier process than the development of the present political life of the new European states created after the Great War.

Leading the people a hundred years ago was a much easier task than doing the same thing in our day. A few strong men appealing to the fancy of the populace a hundred years ago could do as they pleased. There was no such thing as an enlightened opinion in those days; there were no newspapers with the tremendous circulation of to-day. There was no parliamentary freedom compared with what we see to-day. There was no radio. And last but not least there was nothing like the Second and the Third International. So with all due respect to the memory of the great men of the past, we must confess, in all candor, that theirs was a comparatively easy task in comparison with what, say a Woodrow Wilson, to cite but one example out of many, had to go through.

The original Balkan states were intensely nationalist and they have remained so till recently. Nevertheless they settled their problems of tariffs and minorities in a much easier way than the present new states of Europe have settled theirs. The few strong and efficient men of Athens, Belgrade, Bucharest and Sofia made a very good job in starting their countries on the way to political, constitutional, parliamentary and economic life.

At the same time we must not forget that when the first Balkan states were created, Europe was at peace, and not only willing, but also able to look after the welfare of this or that particular Balkan state; whereas, in the case of the new states of Europe, the victorious alliance to which they owe their new



independence not only was dissolved after 1919, but also overwhelmed by its own problems and manifold troubles.

Contrary to prevailing opinion, it is well that America should be informed that in this year 1926, the often maligned Balkans, the variously and widely advertized witches' cauldron of the Near East, the powder magazine of Europe, constitutes an element of stability and peace in the old continent.

This may sound strange especially in view of the political turmoil going on at this time in all five capitals of the Balkan peninsula. And yet, one who follows rather closely the life and the political events in that part of the world cannot reach any other conclusion after he has read the numerous papers of Athens and Bucharest and Belgrade and Sofia and Tirana, not to mention Angora and Constantinople. Nowhere is the spirit of peace more prevalent to-day than in the Balkans. And there is a very good reason for this in view of the fact that the Balkan peoples not only went through the Great War, but they had two additional pre-war Balkan wars, while poor Greece had the Asia Minor expedition thrown in, as if for good measure.

For us who have lived through the bitterest days of the inter-Balkan struggles, it is something of a miracle to read in an Athens daily a Bulgarian contribution on the necessity of better railroad communication between the two countries. It is just as surprising to see an Athenian newspaper man touring Bulgaria, while at the height of the Greco-Serbian controversy a Serbian football team was crowned with Olympic laurels after a brilliant victory against their Athenian opponents. But the climax of all this is the news coming from Athens that a group of Turkish university youths on their return from Cairo to Constantinople not only made the pilgrimage to the Acropolis and the Parthenon, but were welcomed and fêted by a group of their Greek colleagues.

What is the explanation of this striking phenomenon which has changed so radically the face of the old Balkans?

Hard as it may seem at first, this curious Balkan cross, or rather, kind words puzzle is very easy to analyze.

Previous to the Great War, the entire foreign policy of each and every one of the Balkan states was centered around a single factor, namely the liberation of their nationals still

remaining outside the political frontiers of these states. Rumania looking beyond the Carpathians, Serbia casting longing eyes to Croatia and Slovenia and Dalmatia, and Greece and Bulgaria battling for supremacy in Macedonia and Thrace. Meantime the common enemy of all these state units was the Turk, as it was only at his expense that their immediate national needs could be satisfied. The idea of an Austrian and Russian breakdown seemed too remote and too preposterous in those antediluvian days of 1900.

Then all of a sudden the Great War came and changed everything. I will spare you a repetition of what happened in the Balkans during and after the great conflict. I will only call your attention to the positive and actual fact that the Great War has radically changed the Balkan popular psychology. Having no problems beyond their enlarged frontiers, the Balkan states devoted themselves to international politics, and also to domestic strife. Their peace problems became much more serious and infinitely more complex.

Just to give you an illustration of what happens to-day in the Balkans, we will briefly examine the existing conditions in each of these states.

To begin at the top, Rumania which previous to the war was a racially homogeneous country with an area of 53,000 square miles, found herself increased after the war to an area of 122,282 square miles. While her population formerly was around eight million souls, at present it hovers around seventeen million. Leaving aside the fact that nearly five out of the eighteen millions of Rumania's population are not Rumanian at all, we find that those Rumanians who were recently liberated from the foreign yoke not only lack in admiration for the racial stock of the mother country, but think themselves highly superior in culture, in organizing ability, and in matters of government. They claim that they came out of the Austro-Hungarian imperial state school, and therefore they have nothing to learn from the lesser political lights of Bucharest. The old Rumanian element naturally resents this attitude of the newcomers, and there the trouble starts, that still continues.

We see a repetition of the same conditions in Serbia, where the Croatian and Slovenian elements play the same rôle of as-

sumed superiority in comparison with the rude and hardy peasants of the old kingdom. Naturally Mr. Pashich, the old patriarch of all Balkan politicians, frowns upon this ascendancy of the newcomers, and the Rumanian situation is again repeated.

Greece has not annexed any territories since the war, with the exception of a small strip of land in Thrace, but she received two millions of refugees, who, fortunately for the Hellenic State, do not claim any superiority in political and governmental matters, as their Turkish state from which they were transferred to Greece was very far from being a model organization patterned on the lines of Austria-Hungary. Bulgaria likewise has not annexed any additional population since the war, but she annexed the Macedonian elements who seem to have raised the craft of political job-hunting to the state of a science. To complete the picture we will say that even in little Albania there are two factions bitterly opposing each other for supremacy. For those who like statistics it may be said that the Kingdom of the Serbs, Croats and Slovenes covers an area of 96,133 square miles with a population of a little over twelve million people; while Greece accommodates nearly seven million people within a territory of roughly 42,000 square miles; Bulgaria, with an area of a little over 40,000 square miles, has a population of five million; and finally Albania, in her 17,374 square miles, is having a gallant struggle towards reaching a million inhabitants.

Regarding the internal conflicts and tribulations of these Balkan states, there is little that might interest American opinion. There is a strong opposition to Bratiano in Rumania, and a stronger one to Pashich in Yugoslavia; the present Bulgarian Government has quite a few enemies in addition to its staunch supporters; and the Greek military dictatorship has more opponents among the Hellenic people than the outsider realizes. And naturally what is true of the larger Balkan states cannot but hold in the case of little Albania.

All our information from the Balkan Peninsula agrees on one thing—that, following the Great War for Democracy, a state of dictatorial autocracy has been established in Bucharest as well as Belgrade, Athens and Sofia, and even Tirana.

Now I share the healthy American opinion against all forms

of political dictatorship. But whether we like the present Balkan governments or not, the fact remains that more or less they have stood the test, and their existence to-day, illegal, unconstitutional and unpopular as it may be, still apparently responds to the necessities of a particularly severe and serious situation. To mention but one factor of strength of the present Balkan dictatorships, I would say that they are all active in opposing the most extreme agitation that comes from the outside and finds very fertile ground among the manifold popular, political and economic disappointments of a considerable mass of people who either long for the good old days or, failing that, are turning their hopes to the coming of the Red Millennium.

I may add that these dissatisfied elements, powerful as they are, do not make up the majority of the people whose entire outlook of politics has changed since the war. Possibly, it is this popular apathy that is responsible for the maintenance of the Balkan dictatorships. Be that as it may, the large masses of people throughout the Balkans are to-day less eager for war than for the good things of life.

There is no gainsaying the fact that all Balkan States are to-day suffering economically. Rumania, for instance, during the war not only lost heavily in men and material but also had to destroy her oil wells, some of which have not as yet been put back to use. In addition, Rumania at the time of the German advance early in 1917, had the unlucky inspiration to send all of its gold in reserve, amounting to \$200,000,000, to Moscow, so that when the Russian revolution came, the Bolsheviks found that money quite handy and have kept it ever since, all the Rumanian protests notwithstanding. As if these two calamities were not enough, Rumania during the German invasion was flooded with German marks that Germany to-day positively refuses to redeem at any rate, claiming that the Dawes Plan takes care of those obligations along with the others.

Coming to Yugoslavia, that country suffered severely during the war, as its territory was invaded and held by the enemy for four years, and when after the war the former Austrian provinces of Croatia, Slovenia and Dalmatia were added to it, the result was an unforeseen economic confusion which is all the more complicated by the abnormal internal political situation.

Greece's disastrous war in Asia Minor, the war losses of her merchant marine amounting to 65% of its total tonnage, and subsequently the losses from its American immigrants on account of the restrictive immigration act, resulted in throwing the entire economic mechanism of the country out of balance. The added burden of nearly two million refugees on the impoverished country made its position still more difficult while the political aftermath of the war did the rest.

Bulgaria naturally suffered from the results of its share in the military and economic defeat of the Central Empires whose camp she joined during the war. Notwithstanding all this, the Balkan countries are making a constant and gallant effort for political and economic reconstruction.

The Little Entente, originally formed to oppose the restoration of the Hapsburg Empire, was the first move towards some sort of Balkan federation. The results have not been very encouraging so far and it is doubtful whether such an Entente confined to strictly political lines would accomplish much in view of the fact that such states as Greece, Bulgaria, Albania and Turkey are left outside of it.

What the Near East needs to-day is more a series of customs and economic adjustments than a number of political and military groupings and alliances.

Greece has proposed a Balkan Locarno in which Turkey, in addition to the countries of the Peninsula, would also be asked to share. This Balkan Locarno should take care of the political side of the Near Eastern question. In the economic field, the most advisable thing appears to be a customs union if such an arrangement could be divorced from politics. Greece's growing merchant marine, now happily past the million tonnage mark, and her industrial potentialities can be made to fit in with the agricultural expansion of Bulgaria, the development of the animal industry of Yugoslavia, the mining activities of Albania, and the increase of oil, timber and other products of Rumania. A better net of rail and water communications among the countries involved will strengthen the mutual economic ties and work for peace and prosperity in the Balkans; and severe restrictions of armaments reducing the Balkan armies to the minimum, either by the adoption of the Swiss militia system or by some other method, will greatly help

the economic restoration of those countries. The imperialistic tendencies of Fascist Italy are viewed with some alarm by all Balkan countries and there is no doubt that should Italian policy become more aggressive in the Balkans it will find itself opposed by all the strength of fifty million people, firmly convinced that the Balkan Peninsula should remain a unit for the Balkan peoples.

As regards the other danger, coming from the North, an economically sound Balkan Federation can always oppose it with success.

This is, in short, the situation in the Near East, and it is pleasant to remark that the new spirit of democracy and co-operation is making good headway in a spot which for generations was considered a political volcano. The fortunes of those countries are in the hands of new people. The old die-hards, who preach hatred and who keep on acting as vestals of the sacred fires of Hate, are daily becoming a more impotent minority. The spirit of "live and let live" has entered the Balkans. And the best that the rest of the world, and particularly America, can do towards this new orientation of the Balkans is to encourage those elements who think and act in terms of friendly adjustments, in terms of peaceful solutions of their problems, and finally in terms of Peace.

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## DISCUSSION:<sup>1</sup> THE DANUBIAN AND BALKAN STATES

CHAIRMAN HARRIS:<sup>2</sup> The many interesting—and some surprising—statements we have heard are now open for discussion. The meeting is scheduled to close at one o'clock, and it is my experience of luncheons at this hotel, as elsewhere, that those who arrive last wait longest. I would therefore emphasize the fact that these discussions are conducted under the five-minute rule, which it will be my pleasure, as well as my duty, to enforce. I may add that I am equipped with two watches in case one of them fails.

MR. CHARLES F. SCOTT:<sup>3</sup> The papers to which we have listened this morning, able and interesting and illuminating as they have been, have yet failed specifically to discuss some questions which have been lurking in my mind a long while. I can think of no one in the room better qualified to answer these questions than our chairman, who, much to the disappointment of all of us, has taken advantage of his executive position to escape the address for which he was scheduled, and so I venture to put these questions in the hope that the chairman will take a few minutes to discuss them in the light of the experience he must have had in connection with his work at Geneva.

The first of these questions is whether there is a feeling throughout Europe that the boundaries fixed by the Versailles Treaty are likely to be accepted and to become permanent. The second question is whether there is any considerable sentiment, as indicated by conversations that may have come to the chairman at Geneva, in support of the working out ultimately of an economic United States of Europe, the purpose of which, primarily, of course, shall be to eliminate the troubles that arise on account of the numerous customs tariff boundaries that now are proving to be so troublesome to European trade.

<sup>1</sup> Open discussion at Round Table No. 7, May 13, 1926.

<sup>2</sup> Mr. H. Wilson Harris, of the *Daily News*, London. See also other remarks by Mr. Harris, pp. 269, 273.

<sup>3</sup> Of the *Iola Register*, Iola, Kan.

CHAIRMAN HARRIS: I know of no rule to preclude the chairman from answering questions if he is capable of answering them. If he is not, they will be ruled strictly out of order.

With regard to Mr. Scott's point: Is there a feeling that boundaries as fixed by the Treaty of Versailles are likely to prove acceptable? I think it would probably be too much to say that they will be found generally acceptable by those states which have suffered some deprivation of territory as a result of them. At the same time, it is my personal feeling that there has been a great deal of loose talk about the Treaty of Versailles.

It was said by Professor Gilbert Murray, I think, that out of the 440 clauses of the Treaty of Versailles, at least 400 were open to no kind of criticism whatsoever, and though many of the boundaries drawn in Europe are open to criticism, in almost every case it would be found, I think, that if you drew a different boundary the ground for criticism would be quite as great, if not still greater. Therefore my own feeling is that perhaps with one exception, possibly two, it would be extremely unwise to attempt to change the political boundaries of Europe, at any rate at the present time. As a new spirit grows up through the work of the League of Nations and other factors, it may be possible to get changes affected by agreement. They certainly cannot be effected over the heads of the nations that have signed the treaties.

That carries us straight to Mr. Scott's second question. I feel very strongly that there is a great desire felt by people of reasonable foresight to create what may be called an economic United States of Europe. The Economic Conference which is being prepared for already by a commission, on which the United States is represented by Professor Allyn Young and Mr. Houston, the late Secretary of Agriculture, is aiming at laying the foundations for something like an economic United States of Europe. I would add that, as things stand at present, I think the process would only be hindered by any serious talk about a political United States of Europe. We are not ready for that, but I do not see why we should not be ready for progress toward an economic United States of Europe on the lines suggested by the speaker.

MR. JONES: I would like to ask if it is possible to have an economic United States of Europe without a political United States.

CHAIRMAN HARRIS: That question is very nearly out of order, I think. At any rate, it seems to me a little too suggestive. I think the speaker must explain why he thinks that the one is impossible without the other. It is after all, is it not, largely a question of terminology?

What I have in mind is some arrangement effected by commercial treaties between individual countries, possibly to some extent by a general treaty, to which all shall subscribe, which shall prevent the erection of tariff barriers detrimental ultimately both to the countries who raise them and to those who suffer for them. In particular—to take what seems to me to be in some respects the most urgent economic problem in Europe—the arrangement should enable us in Europe to meet the challenge of the mass production which you practise so successfully in this country. Our economic frontiers prevent us from developing this mass production, and unless we do develop it we shall certainly not be able to hold our own in competition with you, and we do not want to suffer too much economically at your hands.

MR. SCOTT: I should like to ask Prof. Mises, if he cares to answer the question, what his judgment is as to the ultimate outcome of the situation in Austria, with respect particularly to the great city of Vienna. We all understand that a city of 2,000,000 people, organized and built as the commercial and political capital of an empire of 40,000,000 people, must undergo some marked and radical changes if it is to remain as the capital, commercial and political, of an empire of only 8,000,000 people. I am wondering whether Austria expects to maintain its present importance through extending or holding the place that it has held in the economics of eastern Europe, or whether it is the belief and fear that it will have to reduce itself in size and importance to correspond with the present realm of Austria.

PROFESSOR MISES:<sup>1</sup> I wish to avoid every political statement. It is rather difficult to speak about these questions with-

<sup>1</sup> For Professor Mises' address, see p. 271.

out mentioning the most important Austrian political problem. It is the problem of union with Germany.

I think there is a general misunderstanding of the economic position which Vienna had in pre-war times. It is true Vienna was the political capital of Austro-Hungary, but Vienna was not supported by taxes or by tributes paid by the peoples comprised in the former Austro-Hungarian empire. It is true there were in Vienna not more than some hundred officials who, with the Vienna ministers, were engaged in administrative affairs affecting Bohemia and even Hungary. There were in Vienna some hundreds of Czechoslovaks, for instance—it may be that there were two or three hundred, surely not more—who were in the different departments of the Vienna ministers. All these people—it may be a few thousand if you wish—went home and are now working in the government offices in their homes. But generally, from the standpoint of finance, the Austro-Hungarian empire was not a source of income but a source of expenditure for the people now forming the new Austrian state. Many parts of the old Austrian empire received more from the government expenditure than they paid as taxes to the Austrian government. Merely from the financial point of view, Austria did not lose anything by the dissolution of the old empire.

It is not true that the population of Vienna in pre-war times consisted of officials ruling and administering other parts of the empire. The people of Vienna were working very hard in commerce, in trade and in finance. It may be true that to-day the importance of Vienna as a financial center is less than it was in pre-war times, but there is no doubt at all that Vienna as a center of commerce is now more important than it was in pre-war days or at any other time. The pre-war commerce of Vienna was not very important. Vienna was a financial and industrial, but not a commercial center. Trieste, for instance, or Budapest, was more important than Vienna. Now for Vienna the consequence of the dissolution of the old empire is that the importance of Vienna as a center for trade among the new states is increasing from day to day. By way of illustrating this fact, I may only mention that many important trade concerns which formerly were in Budapest now have their headquarters in Vienna.

**PART V**  
**ECONOMIC ADJUSTMENTS AND THE**  
**FRENCH DEBT**





## ECONOMIC ADJUSTMENTS IN EUROPE

DWIGHT W. MORROW

Member, J. P. Morgan & Co., New York; Trustee, Carnegie  
Endowment for International Peace

I WAS told by Dr. Lindsay that any well-brought-up presiding officer should say a few words to his audience before he began the introduction of the speakers. I haven't come with any address or with any special message to this distinguished company of students from various countries of the world. I have thought that in lieu of an address I might read you just a few words, less than a half-page, of something that was written seventy-five years ago.

Four years ago, Europe was in a ferment with the newest ideas, the best theories, the most elaborate, the most artistic Constitutions. There was the labor, and toil, and trouble of a million intellects, as good, taken on the whole, perhaps, as the world is likely to see,—of old statesmen, and literary gentlemen, and youthful enthusiasts, all over Europe, from the Baltic Sea to the Mediterranean, from the frontiers of Russia to the Atlantic Ocean. Well, what have we gained? A Parliament in Sardinia! Surely this is a lesson against proposing politics which won't work, convening assemblies that can't legislate, constructing executives that aren't able to keep the peace, founding Constitutions inaugurated with tears and eloquence, soon abandoned with tears and shame; beginning a course of fair auguries and liberal hopes, but one from whose real dangers and actual sufferings a frightened and terrified people, in the end, flee for a temporary, or may be a permanent, refuge under a military and absolute ruler.

Mazzini sneers at the selfishness of shopkeepers—I am for the shopkeepers against him. There are people who think because they are Republican there shall be no more "cakes and ale." Aye, verily, but there will though; or else stiffish ginger will be hot in the mouth. Legislative Assemblies, leading articles, essay eloquence—such are good—very good,—useful—very useful. Yet they can be done without. We can want them. Not so with all things. The selling of figs, the cobbling of shoes, the manufacturing of nails,—these are the essence of life. And let whoso frameth a Constitution of his country think on these things.

That sounds somewhat cynical. It is the letter written by Walter Bagehot when he was watching the *coup d'état* in Paris following the fair hopes of the revolution of '48, four years before. Bagehot of course realized that there were

things in life much more important than those things of which he spoke; but he also realized that those more important things were difficult of attainment unless the practical things of which he wrote were attended to by somebody.

When we read in the evening papers of the revolution in Poland, of the coal strike still going on in England despite the settlement of the general strike, of the difficulties in Russia, of the uncertainty as to the value of currencies in one country or another of Europe, I think that those of us who are inclined to be discouraged and pessimistic might well recall the words that Walter Bagehot wrote three-quarters of a century ago.

We meet this evening to talk about the economic readjustment of Europe. What about the selling of figs? What about the cobbling of shoes? What about the manufacture of nails? What about all of these things without which a people cannot do?

The first speaker of the evening is a distinguished French official. Someone said, when asked how France gets along with five finance ministers in nine months, that France is still run by the civil service which the first Napoleon founded. No one would more earnestly deny that statement than the next speaker. Mr. Robert Lacour-Gayet, a distinguished French civil servant who has been in this country as Financial Attaché of the French Embassy at Washington, will speak to you on "France's External Debt and Burden of Taxation."

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## FRANCE'S EXTERNAL DEBT AND BURDEN OF TAXATION

ROBERT LACOUR-GAYET

Financial Attaché, French Embassy, Washington, D. C.

I WOULD like first of all to thank the Carnegie Endowment for International Peace and the Academy of Political Science for the great honor which they have done me in asking me to present, in the course of this conference, certain aspects of the financial problems of France.

You have fully realized that meetings such as this are becoming more and more indispensable in the contemporary world. The time has come when it is impossible for any nation to remain isolated. A reciprocal knowledge of the problems which they must face is necessary in order that the nations may together seek a common solution of their difficulties. It is more true in the economic world that anywhere else that the misfortune of one has never meant good fortune for the other. The war increased this economic interdependence and this solidarity which is one of the most characteristic traits of the present era. The United States, more than any other nation, is forced to keep in touch with the questions which interest the rest of the world. Your country represents, at the present time, the only great financial power remaining entirely intact after the events which upset the world from 1914 to 1918. She is interested in the definite restoration of Europe not only because she has at her disposal immense forces, but also because she is creditor of most of the European countries. It is, therefore, at once her interest and her duty to offer her help to the peoples whose resources are exhausted because of the war. The economic and financial collaboration between the American continent and the European continent has thus become the indispensable condition for the reestablishment of the economic equilibrium of the world. Without this definite restoration, there is conceivable neither financial restoration nor a lasting peace between the nations.

Your President has asked me to set forth various facts concerning the external debt of France and the French burden of taxation. There is no better subject than this to show to what point the effects of the war have been prolonged in France and will continue to prolong themselves for a long time to come.

Before 1914 my country had no external debt; on the contrary, she was creditor to the rest of the world. The weight of taxes was, at the same time, easily borne by a population whose wealth increased regularly, thanks to its talents for labor and economy. This situation is to-day entirely changed. France has become debtor to the great financial powers of the world. In order simultaneously to meet her obligations and to repair the devastations which the war caused on her territory, she has had to levy taxes to such an extent that no country at the present time can lay claim to a fiscal burden equal to that which weighs upon the French taxpayer.

Whatever these burdens may be, the French Government has always considered that the reimbursement of its external debts constituted for France a sacred obligation. France has just given conclusive proof of her good will by settling, under conditions with which you are acquainted, her debt to the United States. She has thus put an end to the only cause for misunderstanding which too often in the course of the past few years has obscured the horizon between our two countries, linked by a traditional friendship which both wish eagerly to maintain. The settlement of the external debts does not constitute merely a duty for France. It is, in her eyes, a necessity. A definite agreement with her creditors appears, in fact, as the indispensable preface to any monetary stabilization, without which a country is condemned to live in uncertainty and without which budgetary equilibrium can never be definitely realized. That is why, after having entrusted M. Bérenger, Ambassador of France to the United States, with the task of reaching a settlement with the American Debt Commission, the government of M. Briand has now the intention of arriving, as soon as possible, at a settlement with Great Britain.

Once these two settlements are concluded, France will know exactly what her external charges will be. Her debt abroad is really composed of two distinct elements. One part repre-

sents the obligations to foreign countries. There is, first, the debt to the United States which, on April 15, 1926, amounted to approximately \$4,350,000,000. Then there is the debt to Great Britain which represents nearly £700,000,000. To this debt must be added the various loans contracted by France abroad, especially the three loans of 100 million dollars each made in the United States in 1920, 1921 and 1924. At the average rate of the dollar during 1925, the external debt of France was approximately 153,000,000,000 francs, that is, about 35% of her total debt.

In the future, what will be the burden of this debt on the French budget? The budget for 1926 provides for the service of this debt, without taking into account the settlements which have been effected or are to be effected with the United States and Great Britain, an expenditure of 1,405,000,000 francs. It is impossible to foresee under what conditions the settlement of our debt to Great Britain will be made and in what proportion it will increase our burden. But from this time forth, it is possible to state that the agreement which was signed in Washington on April 29th last will not greatly influence, at least for the first years, the total of the expenditures which we have to make externally.

The first five annuities of this settlement are equal to \$30,000,000, \$30,000,000, \$32,500,000, \$32,500,000 and \$35,000,000. As we have been paying America \$20,000,000 a year as interest on the commercial debt, this schedule represents an increase of 10 millions for the first two years, 12½ for the next two, and 15 for the fifth. But this slight increase of our charges is not obligatory. The agreement, in fact, gives us the right to defer for three years that part of the payments above twenty million dollars. For this reason, until June 15, 1930, that is until the payment by Germany of the first full annuity provided under the Dawes Plan, we remain free not to pay to America more than we now pay as interest on our debt for stocks, that is, twenty million dollars.

The agreement signed with the Debt Commission takes into account therefore—and this is essential—the future decrease of our external debt. The payments which France has to make externally amount, in 1926, to 114 million dollars; in 1927 to 96 millions; in 1928 to 86 millions; in 1929 to 117 millions,

but do not exceed 50 millions in 1930. From that year on, they do not reach more than 25 millions (with the exception of the years 1934 and 1941) and decrease regularly until 1949, when the entire external debt should be amortized. This decrease of our debts from 1930 on coincides with the increase of the sums which Germany is to pay to the Allied Governments. It goes without saying that in promising to pay to the United States annuities which increase rapidly from 1930, and in estimating her capacity to pay, France has taken account of the sums which she is to receive from Germany. In signing pledges to which it expects to remain faithful and which it wishes to execute scrupulously, the French Government does not doubt that its debtors will show the same care in fulfilling treaties and existing agreements as it intends to exercise toward its own creditors.

The burdens imposed by the external debt of France represent, it is true, a small part of the French budget, in which the service of the internal debts occupies a much larger place. It is nevertheless one of the reasons why the French taxpayer is at the present time subject to exceptionally heavy imposts.

No story is more widespread abroad than that the Frenchman does not pay taxes. Until lately, it was possible to find in the foreign press, and especially in the American press, a large number of articles trying to show that there was no more enviable position in the world than that of the French taxpayer. A certain number of American documents have themselves done justice to these accusations. Before giving detailed statistics on this point, I will content myself simply with recalling the studies published by the National Industrial Conference Board and by the Institute of Economics, which fully recognize the fiscal burden which exists in France.

In order to appreciate clearly the characteristics of the French fiscal system, it is always necessary to bear in mind its extreme complexity. The income tax which was created in France in 1914, and put into application in 1917, furnishes only a part of the tax receipts. To this must be added a great number of indirect taxes on many products, such as alcohol, tobacco, salt, sugar, matches, vinegar, oil, colonial products, etc. One must also take into consideration the custom duties, the taxes on luxuries and the registration fees. At the present time, the division of tax receipts in France is as follows:



Income tax—27.9% of the total receipts.

Tax on wealth—stamp taxes—24.7%.

Luxury taxes—3.7%.

Indirect taxes—43.7%.

As a result of this division of taxes all classes of the population are reached. The extreme division of wealth in France and the large number of lesser fortunes have rendered necessary a very flexible and greatly variegated fiscal system.

It is always difficult to make comparisons between the fiscal burdens borne by the various countries. It is from the total revenue of a country that one must start, if one wishes to appreciate exactly the tax burden, that is, the portion of the national revenue which is levied by the government in order to meet the expenses of the community. No subject is more debatable than this. Nevertheless, from very careful studies which have recently been made by official French services, it appears that the French national revenue may be calculated as follows :

Income from land taxes .....	15,300,000,000 francs
Income from securities .....	22,000,000,000
Income from salaries and wages ....	55,500,000,000
Commercial revenues .....	14,000,000,000
Income from agricultural pursuits....	22,500,000,000
	<hr/>
	129,300,000,000 francs

These same calculations show that the revenue of England amounts to approximately 3,800,000,000 pounds sterling and that of the United States to \$67,000,000,000. By comparing the total amounts of taxes collected in these three countries in 1924 and 1925, it may be ascertained that in 1924 the fiscal burden represented 23.8% of the national revenue in France; 22.3% in England and 11.5% in the United States. In 1925, the percentage for France amounted to 26.2%. Consequently, the tax burden in France represented more than one quarter of the national income and more than double the fiscal charges in America. Since that date the law of April 4, 1926, has created new taxes in France and has increased once more the rate of a certain number of existing taxes. At the same time a new reduction of the income tax rates has been voted in America. It is therefore undeniable, after this increase of

taxes in France and this reduction of rates in the United States, that the fiscal burden in France will be three times the fiscal burden in the United States.

A few examples will best serve to show the obligations which a French taxpayer must meet. A bank established in France must pay the following taxes:

- (A) Real Estate Tax—12% on the renting value of the buildings owned and used by the company.
  - Tax on Property in Mortmain.
  - Tax on Doors and Windows.
  - Apprenticeship Tax of 0.20% on the amount of salaries paid.
- (B) Tax on Patents, including:
  - A fixed amount per employee, which in Paris may reach 1200 francs per head, for a bank having more than 1000 employees.
  - An amount proportional to the renting value of the premises occupied which in large cities may exceed one-half of such value.
- (C) Annual stamp duty of 0.12% on the nominal share capital.
  - Tax of 12% on income from shares.
  - Annual transfer tax of 0.8% on the market prices of bearer shares.
  - Proportional stamp of 0.20% on the nominal amount of fixed maturity notes issued by the bank.
  - Tax of 12% on income from such notes.
- (D) Tax of 1.30% on turnover, that is, on the total amount of brokerage, transfers, interest, discount, commissions, etc.
  - Special and progressive tax from 1.20 per mil to 6 per mil on turnover.
  - Special income tax of 12% on interest received.
  - Tax on stock exchange operations.
  - Tax on exchange operations.
- (E) Tax of 12% on income from stocks and bonds owned (French securities and foreign securities with government tax subscription).
  - Tax of 18% on income from foreign government securities and foreign company securities owned.
  - Annual transfer tax of 0.85% on the market price of stocks and bonds owned (French securities and foreign securities with government tax subscription).
  - Tax of 12% on the exchange premium of foreign securities with government tax subscription.
- (F) Proportional stamp duty of 0.20% on bills of exchange.
  - Stamp duty of 0.20% on checks and clearing house transfers.
  - Receipt stamp.
  - Fixed stamp duty on storage receipts, powers of attorney, etc.
  - Stamp on posters.
- (G) Tax on industrial and commercial profits of 9.60%.

Furthermore it should be noted that:

- (1) The majority of rates indicated above were subjected to very important increases under the law of December 4, 1925.  
Income taxes with a rate of 12% became 18%.  
The rate of 18% was raised to 25%.  
The tax on industrial and commercial profits was raised to 14.4%.
- (2) The bank is furthermore charged with the collection from its patrons for the account of the government, and without compensation for itself, of a whole series of taxes (tax of 12% on income from credits and deposits; tax of 18% on foreign securities; all taxes on French transferable securities; tax on stock exchange operations; tax on exchange operations, etc.).

I ask your pardon for quoting so many figures. I fear they justify the reputation for severity, rather well-earned I admit, to which fiscal science is entitled. Therefore I hope I may take advantage of your indulgence, for it is extremely difficult to make financial points without the aid of some figures.

The fiscal burden is particularly hard to bear for those taxpayers whose incomes have not increased in proportion to the depreciation of the franc, that is, bondholders and public officials. A public official earning 25,000 francs in 1913 now earns 34,000. In 1913 he paid 293.75 francs in taxes. He now pays 3,160.87. Likewise, a public official earning 9,000 francs in 1913 now earns 17,000, but he pays to the government 1,055.67 francs instead of 168.75 in 1913.

On the other hand, the exemptions existing in France for small incomes are very much lower than those current in Great Britain and the United States, and because of this a greater number of taxpayers are reached by the tax. A taxpayer having a salary of \$1,000 a year is not taxed in the United States or in England. In France he pays in taxes the equivalent of \$153.

With an income of \$4,000 an American pays \$22; a Frenchman pays \$712.

With an income of \$10,000 an American pays \$207.05; a Frenchman pays \$1,963.

With an income of \$50,000 an American pays \$6,137.05; a Frenchman pays \$18,870.

With an income of \$500,000 an American pays \$19,961; a Frenchman pays \$265,700.

I hasten to add, however, that I do not think that the French  
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Treasury has very often the good luck to find itself in the presence of a taxpayer having an income of \$500,000.

The tax rates have reached such a point in France that there can be no further increase without the risk of a diminution instead of an augmentation in the receipts. A time comes in every fiscal system, as the American Treasury very well knows and often proclaims, when it is dangerous to increase the fiscal burden and when, on the contrary, it may be advantageous to reduce it, in order to encourage production and in that way increase the taxable powers of the country. The fiscal effort accomplished in France during the last six years is all the more meritorious for having taken some time. It is only, in fact, since 1920 that the tax rates have increased in any appreciable manner. But in order to understand, with fairness, this delay, it is always necessary to take into account the fact that until that time the reconstruction of the richest region of France had hardly been started and that the government could not hope to recover any appreciable amount from those departments which in normal times furnish a very large part of the tax receipts. The prompt reconstruction of these departments was therefore not only a national duty for all the French people, but it was a necessity from a fiscal point of view.

I beg pardon for having insisted somewhat at length upon the question of taxation in France. But it was necessary in order to show plainly the great effort which has been exerted by my country.

The French Government fully recognizes the very grave difficulties which it has to face and the nation admits that these difficulties cannot be surmounted save by great patience and tenacity of purpose. But in presence of the long road which still remains to be traveled toward definite financial restoration, it is good to remember, from time to time, the road which has already been traversed. At the present time, after a war which cost France almost 1,400,000 men, that is one man killed for every twenty-eight inhabitants, and which caused on its territory damages which, according to the official valuation placed thereon by the Reparations Commission, amounted to more than 136,000,000,000 francs, France has succeeded in paying more than 100,000,000,000 francs for the reconstruction of her devastated regions, in balancing her budget for the time being, and in meeting her external debts.

Such a result allows a faith in the future, whatever may be the obstacles of the present. Those who would doubt our ability to triumph over the present crisis, I would simply advise to review their history of France and to re-read the account of the crises which we have met in the course of centuries. They will find therein, I am sure, as I myself have found, many definite reasons for confidence.

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## THE PROGRAM AND COST OF POST-WAR RECONSTRUCTION IN FRANCE

GEORGES LECHARTIER

Editor, *Journal des Débats*, Paris

I AM not going to present you once more with the tragic picture of our devastated regions after the war. It has been done and overdone. Moreover, many of you have seen it through your own eyes and no description is equal to personal experience.

I need hardly recall that the area of ten departments, among the richest of France, was so thoroughly ruined during the four years of war as to make its future restoration, as it seemed, wholly chimeric. The villages had been destroyed and burnt to the ground, the arable ground was so thickly inlaid with shells, bombs, steel and fragments of steel of all kinds, it was so overturned with trenches and underground constructions in concrete, that it seemed beyond human power ever to restore it. The whole of eastern and northern France was made a desert and worse than a desert: it recalled to the mind that description of the ancient poet speaking of the ever-desolated plain where the dark shadows are wandering and where no plant grows but the pale and lifeless asphodel, the flower of despair and death.

France, however, in spite of the discouraging aspect of the task, in spite of the dire deceptions she first met, immediately started it. During six years, without any foreign help, even deprived of the annuities on the debt which Germany had recognized in signing the peace treaty, she worked relentlessly and has found in her own and exclusive resources and in the energy and will of her men, the ways and means for her restoration. To-day, after a period of long and strenuous labor, her desolated regions—except for the region of Verdun, which has been kept untouched as a souvenir lest the generations to come forget too rapidly the sufferings of those who prepared the way for them—are almost repaired, her mines are reopened, her fields are cultivated, her factories and plants are



in full work. Of course, this achievement was not obtained without faults and mistakes. No great work was ever achieved without some failures in programs or in men. But the results now obtained permit us to overlook the mistakes and to forget the temporary failures.

The first task was to estimate as accurately as possible the amount of the damages which had been suffered and to examine the claims presented by those who suffered them. Some local committees were instituted to that effect and they proved so efficient—unlike other committees—that at the end of the year 1924 no fewer than 2,932,000 claims had been examined as compared with a total of 3,013,700 which had been presented. Only 2.7% remained to be decided upon, so that almost all the first committees could be dismissed in 1925 and a few only were left to settle the 82,114 remaining claims. This was almost achieved during 1925.

The following figures will give an accurate idea of the work accomplished. At the armistice in November, 1918, there were 741,993 houses destroyed. By the beginning of 1925 some 600,999 were reconstructed and only 136,000 were still to be restored. Of course, among those, the workers' houses and quarters were the first to be cared for.

In November 1918, 330,000,000 hectares (one hectare is approximately  $2\frac{1}{2}$  acres) of the soil of France had been entirely devastated; in 1925 only 342,488 hectares remained to be restored. In 1918, some 330,000,000 cubic meters of trenches were to be filled in; only 40,000,000 remained untouched in 1925. At the armistice, 375,000,000 meters of barbed wires covered the ten devastated departments; only 80,300,000 meters were still to be removed in 1925.

In November 1918, 1,923,480 hectares of arable lands were devastated and inlaid with shells and bombs, useless for agriculture. By 1925, 1,890,900 had been leveled, the shells being extracted, and were again fit for agricultural use.

During the war 834,900 cattle, 375,300 horses, mules and donkeys, 890,700 sheep, and 331,600 pigs had been killed. Thanks to the help of the Americans, there was a greater number alive in the same regions in 1925. Millions of fruit trees had been replaced.

Of the 22,900 big factories and plants which had been de-

stroyed, only 2,028 were still to be reconstructed. All except 120 of the 4,800 kilometers of railroads that had been destroyed had been restored by 1925. Only 2,075,000 inhabitants were living in the devastated regions at the time of the armistice, but there were 4,300,000 in 1925.

At the same time 3,252 public schools had been reopened out of 3,255 which had been forcibly closed during the four years of war. And those schools were frequented by 497,477 pupils.

In sum, at the date of the most recent statistics, for January 1925, 81% of the houses and 91% of the factories had been rebuilt. Because of the necessity of a rapid economic restoration the factories and agricultural buildings were naturally first attended to. At present almost all the work for reconstruction has been achieved. More than 78% of barbed wires have been removed and 93% of the arable land has been restored to agriculture. This effort has insured the rapid revival of agriculture in the devastated regions and many industries are now just as prosperous as they were before the war. Some of them are even more prosperous. The crops—wheat, oats, potatoes—show a considerable increase.

In order to achieve such a formidable task, considerable resources were, of course, needed. The peace treaty provided that Germany should pay the necessary amount. But until 1925 she had paid nothing. France could not wait for starting the urgent restoration of her devastated region. She therefore had to find the money among her own people and through loans and taxes. The amount which was needed for the reconstruction of private properties alone totaled 60 billion francs at the beginning of 1925. Moreover, 13 billion francs were spent on restoration of public properties and railroads. The pensions and bonus cost 36 billions. And the interest to bondholders amounted to 19 billions. This brings the general total of the money spent for restoration up to 129 billions.

Of course these expenses, which were mainly due to the fact that Germany did not meet her obligations according to the peace treaty—whatever motive she had for that—increased considerably the burden of the public debt and contributed, for a large part, to drive the ship of French finances into the rough sea and into the narrow and most dangerous strait,

where it is now desperately struggling against tide and wind, with no real haven in view. The acceptance of the Dawes Plan, however, and its execution by Germany, may be regarded as a faint ray of hope. The program of reconstruction being achieved, the German annuities, if regularly paid, will enable the Treasury to repay the advances it has made and thus progressively to extinguish the debt it has contracted.

However, the damage which has been caused on the market by repeated issues of bonds, coupled with the new difficulties which arise with the problem of the foreign debts, and, more than that, the extraordinary somersaults and incoherence of the men who are in charge of the political destiny of France, still cause anxiety and will long continue to do so. The activities of politicians seldom prove very inspiring in any country. The least severe and most polite remark that can be made respecting the conduct of French politicians at present is that it is most disconcerting.

There can be no doubt that France, relying only upon herself and being governed, not by politicians, but by real statesmen, would face and meet all her financial obligations, either foreign or domestic, and would progressively restore her finances. She has already achieved more difficult tasks than that in other fields. But will she, under the momentous circumstances of the hour, be strong enough to react against the narrow views, the ignorance, the thoughtlessness, the quarrels of partisans, the rivalries of groups, the carelessness and indifference about the true interests of the nation, on the part of her politicians? This is the anguishing, the tragic, question of the moment. Nobody having any political sense in France, and I less than anybody else, would venture to answer it.

## THE ECONOMIC PROBLEMS OF FRANCE

JAMES W. ANGELL

Associate Professor of Economics, Columbia University

THE present economic position of France is a matter for the gravest concern and sympathy on the part of all those who are friends of our former ally. The franc, which at one time seemed to have reached a stable level, is once more depreciating; prices are rising; and the equilibrium of the budget, although it is now nearly eight years since the armistice, is as yet by no means definitely assumed. Even the recent conclusion of the debt negotiations at Washington, which puts an end to a period of threatening uncertainty, will place a tax on France's external financial capacity that for a time may be very dangerous. It is true that the general internal economic condition of the country, considered apart from the public finances, is at first glance reassuring. There is almost no unemployment, production is expanding in many lines, and an at least moderate degree of prosperity seems to be very widespread. But the situation contains elements which are ominous, and which at any moment may prove catastrophic. The gradual but inexorable increase in the note circulation since 1922, and in the various forms of government borrowing, are merely symptoms of a profound maladjustment in the economic organism. Until the budget is unequivocally stabilized further increases in the note circulation and a further depreciation of prices and the exchanges are always imminent. But each new depreciation itself throws the budget once more out of balance, and thereby renews the vicious circle, while at the same time creating additional disturbances in industry and commerce. That vicious circle must be broken if France is not to go down the dark path of repudiation already traversed by Germany. Yet it can be broken only by a sustained effort more arduous, and more universal, than any which France has hitherto been able to make, great though her efforts have already been.

Other speakers on the program this morning are to discuss particular parts of the problem of France in detail. It will

be worth while, as an introduction to their observations, to indicate briefly the general course of economic events in France since the Armistice, and to trace the successive steps which have finally led her to her present perilous condition.

At the end of the war the position of France was difficult, but it was by no means beyond remedy. The public debt had increased nearly fivefold since 1913, and the note circulation a little more than that, but prices had risen only three and a half times, and the exchanges were virtually pegged at a few per cent under par. The degree of financial disturbance was of at least the same general order of importance as that which was to be found in England at the time. Then in 1919 and the first part of 1920, the violent psychological reaction from the war and the resulting widespread optimism produced a period of rapid business expansion and credit inflation, both private and public. A new currency depreciation followed, so severe that in the spring of 1920 the index number of prices, which had been around 350 at the end of 1918, was nearly up to 600. At the same time, the exchanges, with the peg removed, dropped precipitously to less than a third of par. But France faced the task of currency restoration aggressively, and by the end of 1921 had apparently gotten the situation well under control. The price index actually fell below the level of 1918, to nearly 300, and the exchanges improved markedly. As in contemporary England, this drastic deflation was explained in the first instance by the contraction in *private* credit, in consequence of pressure applied by the Bank of France. But the deflation of private credit could not have exerted more than a temporarily corrective influence, if it had not been generally expected that the budget would soon be balanced. An actual equilibrium was not achieved at the time, but in 1921 equilibrium seemed only a short distance ahead, and the direct effect of this anticipation was enormous.

To this point the course of events in France was closely analogous, in its general terms, to the developments which were then taking place in England, and on a smaller scale in the United States. But by 1922 the French Government proved to be definitely unable to balance its budget. In default of German Reparations payments, and in anticipation of their later receipt, France had undertaken immediately after



the war to begin the work of reconstruction herself. This load, when added to increased outlays in other directions, was too great for the budget alone to carry. The government resorted to still further borrowing, on a large scale, and the juggernaut process of depreciation was renewed. This depreciation has continued steadily, without an important break, from the spring of 1922 until the present time. The public debt is now more than twice its size at the end of the war; the note circulation stands at over fifty billion francs, whereas in 1918 it was about thirty billions; the foreign exchange index is at nearly 600; and the price index, with 1913 as a base, is distinctly over 600. The drastic collapse of the exchanges since last October, involving a fall of thirty per cent in seven months, is only one more chapter in an unvaried story that has extended through four dark years.

On the face of it, the way to stop the depreciation is evidently to impose heavier taxation, thus restore the budget to equilibrium, and thus remove once for all the motive for the widespread bear movement against the franc. But France is already paying very heavy taxes, far heavier than those paid in this country, and probably exceeded only by those of England. It is at the least debatable whether further substantial increases will not, by drying up the sources of revenue, themselves defeat their own purpose. Moreover, each new step in the depreciation increases the price that the government must pay for goods and services, without immediately augmenting its revenues to correspond. The budget deficit thus tends constantly to grow rather than to diminish; and equilibrium, like an oasis in a desert mirage, is pushed farther away as the effort to reach it increases.

This, then, is the economic problem of France: to achieve an equilibrium in the budget, and to achieve stability of the currency. To equilibrium and stability all other questions are subordinate, for to build without them is to build on shifting sands. They will not be achieved easily, and perhaps not quickly, but there is not one of us who does not ardently hope that France can perform the task which still remains to her; and I believe that she will succeed. She has risen in other years from the ashes of catastrophe: may she once more rise, to take her rightful place among the nations of the world!



## FRENCH TAXATION AND ECONOMIC RECONSTRUCTION

ROBERT LACOUR-GAYET

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ON November 11, 1918, after the signing of the armistice, the French Government found itself in the presence of one of the gravest problems that any nation has ever been called upon to solve. Since 1914 ten of the richest departments of France had been invaded. The mighty struggle which took place on this territory left most of the villages destroyed, the fields laid in waste and the roads, canals and railways useless. At the same time, the financial resources of France were practically exhausted after four years of an unprecedented effort.

The first question to solve lay in deciding whether we were to wait for the German reparation payments before undertaking the definite work of restoration of the devastated regions, or, on the other hand, try with our own resources to re-establish activities in the richest part of our territory. Both the patriotic solidarity and the economic interests of the nation bespoke the second solution. The Government and the French Parliament understood only too well that potent reasons of morals and justice made it imperative for them to put an end as quickly as possible to the suffering endured by those of their countrymen who were victims of the invasion. They realized also that it was impossible to consider a real increase in taxable resources without increasing France's capacity to produce, that is, without restoring the agricultural and industrial riches of the North. My compatriot, Mr. Lechartier, will show you tonight under what conditions this program has been carried out, what expenditures it entailed and at what point of reconstruction we have arrived.<sup>1</sup>

I would like only to tell you briefly how from 1918 to 1926 the French Government has on one hand constantly increased

<sup>1</sup> See M. Lechartier's address, p. 312.

the taxes which weigh on the country and on the other hand reestablished and increased the economic activity of the nation.

The increase of taxes in France has taken the following course. In 1913 the taxes collected by the government amounted to approximately 4 billions, and they were maintained at this figure until the end of the war. Since then they have increased, in round figures, to: 5 billions in 1918, 8 billions in 1919, 15 billions in 1920, 18 billions in 1921, 19 billions in 1922, 21 billions in 1923, 27 billions in 1924; and they finally reached almost 32 billions in 1925. If there should be added to these figures the taxes which are collected by the departments and the municipalities, it would be apparent that in 1925 the French nation paid more than 36 billions of taxes, as compared to 1913 when they paid less than 7 billions.

This increase of taxation has, however, not hindered a very great development of economic activity. A little later I will show in what measure this development is, in part, at least, artificial, since it results to a great extent from the depreciation of the franc. But it is none the less true that as a whole, according to recent statistics, the economic activity of France is, at the present time, about 15% higher than it was in 1913. For example, the coal mines produce a daily average of 141,638 French tons representing an increase of 5,500 tons over production in 1913. Likewise, the production of coke averages from 260,000 to 270,000 tons per month, instead of 245,000 tons in 1913. One of the most striking features of post-war France is, in fact, the development of industrial production. Until 1914 France was principally an agricultural nation and industry played a relatively unimportant part in her economic activity. To-day, the modernization of her reconstructed factories in the devastated regions and the improvement of natural resources as represented by the use made of water power have given a new scope, heretofore unknown, to the industries of France. It is still too soon to foresee what influence this new economic development will have, but at this point one may presume that it will certainly influence the distribution of wealth and perhaps even the characteristics of the race.

It is none the less true, however, that agriculture will always remain the backbone of France. There was no more touching spectacle after the war than to note the return of the peasants

of the devastated regions to their villages. With an unequalled determination they resolved to reconstruct their houses and farms on the very spots they occupied before their destruction. With a tenacity ingrained by the traditions of centuries, they set themselves to their task of working the fields which they found unrecognizable upon their return and from which all signs of devastation and death have now been cleared away to make place for the harvest. The results of this effort have been most gratifying. At the end of 1925 wheat fields once more covered 85% of the land which they occupied before the war, barley was grown in a proportion of 94% as compared with pre-war figures, and oats 88%.

This joint development of industry and agriculture has had as a result a steady increase in commercial activity. This growth has been facilitated in the interior of the country by the relatively low prices of railroad transportation—which are at present only  $3\frac{1}{2}$  times as great as in 1913—and externally by the depreciation of the franc. In 1924, for the first time in eleven years, the commercial balance of France was favorable, and the exports reached more than forty billion francs.

Is one to conclude from the facts previously noted that the wealth of France has increased? In my opinion such a conclusion would be most premature. It will, in fact, be impossible to appreciate the real economic situation of France until the return to a gold standard permits the reestablishment of monetary stability. The economic activity existing to-day is due, to a great extent, to the depreciation of the franc which stimulates production and creates a veritable premium as far as exportation is concerned. If this question could be more thoroughly examined, it would be ascertained that French business at the present time realizes a percentage of profit much lower than that of 1912, because of the rise in salaries and in the cost of raw materials which must be imported. It is also to be noted that the fall of the franc has had as a consequence a devaluation of securities which corresponds to a genuine impoverishment. It is thus that holders of government bonds have lost more than two thirds of their capital and other bondholders have suffered the same loss. Likewise, for stocks, the market price to-day expressed in dollars is almost always lower than the price of issue, also expressed in

dollars. It would therefore be absolutely incorrect to believe that the apparent growth of French economic activity necessarily entails an increase in capacity for external payment.

Long years will probably have to pass before France draws any real benefit from the effort undertaken since the war. But if nothing occurs henceforth to trouble a peace which the French people value more than any other people, since they suffered more from the war than any other nation, it is to be expected that, thanks to the improvement of her great natural resources, as represented by hydro-electric power, and thanks to the rational exploitation of her colonies, with the help of foreign capital, France will, in the future, be called upon to take a place in the economic world worthy of the capacity for work and the energy of her inhabitants. She does not doubt that in order to help her develop these resources she will find in America the assistance and cooperation which the United States have given and will give more and more regularly to European nations.

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## THE FRENCH BUDGET PROBLEM

HAROLD G. MOULTON

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IT is a very complicated problem with which we are concerned, and one cannot open up the question at any particular spot without very soon running into other phases of the problem. However, I shall try to focus my discussion around the French budget situation.

Both of the preceding speakers have referred to the persistent decline of the franc, and there has been a good deal of discussion as to the causes of that decline. Now there might be two possible explanations of the phenomenon, or a combination of these two explanations. On the one hand, the decline might be due entirely to an unfavorable balance of trade and accounts; on the other hand, it might be due solely to budget conditions.

The fact is that up until 1923, France had both an unbalanced budget and an unbalanced international trade and financial position. So both factors were operating to depress the exchanges. Since 1923, however, it has only been the budget deficit that has borne upon the exchanges, because France has had a favorable balance on international account. In the year 1924, France had a favorable balance of payments, that is, including trade and the invisible items, of approximately 6.6 billion paper francs. Translated into gold, at the rates of exchange then prevailing, this means about 1.8 billions of gold francs.

You will be interested to know, I think, that had a debt settlement been in operation with France in the year 1924, similar to the one made with Great Britain whereby interest was paid at 3 per cent, France would have been able, so far as the transfer problem was concerned, to have met the entire amount of the annual payment due. The same is true for the year 1925.

These trade figures of 1924 and 1925 cannot, however, be regarded as normal, and, as the preceding speaker showed, the

favorable balance in the trade account has been changed during the current year from a favorable balance to a deficit. In the first four months of 1925, the excess of *exports* was 1,541,000,000 francs, while during the first four months of 1926 there was a deficiency of exports amounting to 2,252,000,000 francs. It is difficult to know at this moment just what the total deficiency for the year will be, but one thing is perfectly clear, and in this I am in entire accord with the preceding speaker, namely, that when France effects a stabilization of her currency, she will have to expect a trade situation different from what has recently prevailed. Nevertheless, by virtue of her very large invisible earnings, chiefly from the tourist trade, I think it is reasonably safe to predict that France will have a favorable balance of payments of moderate proportions year in and year out. Therefore, I do not see that the transfer problem in the case of France is a primary difficulty.

The budget problem is a very different one, and to this I wish now to address my attention. I was much interested in what the preceding speaker said about the attitude of foreign countries, particularly the United States, with reference to the French tax burden. His general position is undoubtedly correct.

It was only back in 1921 and 1922 that the outside world, without knowledge of the facts, was saying that Germany was not taxing herself in the slightest degree. The evidence that was perfectly available to anyone who was willing to take the time to collect it showed that in 1921 and early 1922, before the terrific decline of the mark completely demoralized the fiscal system, Germany was paying very heavy taxes. Since the Dawes Plan has completely modified world psychology, we have shifted our attention from Germany to France, and it is an interesting fact that many of the very people who in 1922 and 1923 were violently anti-German and pro-French are now just as violently anti-French and are just as far from the truth in their general statements about France as they previously were in their statements about Germany.

It is perfectly true, as the preceding speaker has pointed out, that the French tax burden, if not the highest in the world, compares favorably with that of any other country. As nearly



as I can estimate it by taking the actual collections of French revenues and comparing this sum with the French national income, France takes about 20 per cent of her national income in taxes. The United States takes, according to estimates of the National Industrial Conference Board, which I think are reasonably accurate, about 11.5 per cent, including federal, state, and local taxes. That in itself is significant, but the full significance cannot be appreciated until it is borne in mind that the national income per capita in the United States is well over \$600 and in France in the neighborhood of \$200. Although this evidence has been readily available, irresponsible people have repeated so many times the statement that the French do not pay taxes that it has come to be an almost universal belief.

What now is the true situation as regards the budget? Here I find that I must criticize French fiscal administration. I understand quite well how the existing situation has developed. It is a long story finding its beginning many years before the war. I say I understand the origin of the present system, but I cannot defend it nor should any Frenchman attempt to defend the fiscal methods now in use.

First, we must consider the budget proper. The budget proper is merely a definition, and it does not include everything. It has never included everything, and when they say the budget is now almost in balance or about to be balanced, that may be technically true, but it does not mean that the French government is raising from its people sufficient revenues to meet all of the expenditures of the French government. Many of these things are handled outside of the budget proper.

There are some French economists who attempt to defend the practice. They point out that the treasury accounts ought not to be included in the budget, because the expenditures are often for capital purposes which will in due course bring in revenues that will liquidate the outlays. That is good enough theoretically, but the habit has been formed of putting all sorts of things in special "treasury services" which have no possibility whatsoever of ever paying themselves out. The whole system promotes deception as to the true situation.

It is a very difficult matter to find out what the total of government revenues is as compared with the total of govern-

ment expenditures for all purposes. A year ago, when working on this problem, we found it necessary to devote at least six months of the most intensive research to finding out how much the French deficit really was, when one had included all of the items of expenditure and all of the items of non-borrowed revenue. We finally arrived at an estimate of approximately 16,000,000,000 francs. Even now we are not sure whether this figure is two or three billions too high or possibly two or three billions too low. The figures were for 1924. It was not until May, 1925, that sufficient data were available to warrant even this preliminary estimate. We may then be wrong about this estimate of 16,000,000,000 francs, but if we are wrong, it is not because of any lack of diligent research.

I have been studying this French situation almost continuously since 1919. Finance minister after finance minister at the beginning of the year presents a very optimistic report as to the situation. If the budget is not entirely in balance it appears to be so nearly balanced as to be the occasion of genuine satisfaction, "but," as a deputy only recently pointed out, "our joy is of short duration, for in the course of the fiscal year this same minister of finance invariably finds it necessary to appear before Parliament to request a grant of supplementary credits."

It is true that there has been considerable reduction in the amount of the budget deficit during the last few years, but the budget is still far from balanced, and it is for this reason that the public debt has steadily increased and that the franc has continued to decline.

I must now direct your attention to the connection between the budget deficit, the bank of France, and the foreign exchange. When the budget is unbalanced there are two possible means of procuring the funds required with which to meet the operating expenses. The first is to borrow the money through the sale of securities to investors, and the other is to borrow it from the Bank of France by exchanging government time obligations (that is, treasury bills) for the bank's demand obligations (that is, bank notes). During the war and the inflation period of 1919-20 the government was not able to borrow all of the required money through the sale of securities at home and abroad. The amounts borrowed directly from

the Bank of France reached a total in 1920 of 26,600,000,000 francs. During the next three years, however, the government found it possible to market sufficient securities to cover the annual deficits and to repay about four billions of the advances received from the Bank of France. But since 1924 the government, notwithstanding the diminishing size of the annual deficit, has been obliged to renew its direct borrowings from the bank, thereby entering once more upon the road of direct inflation and currency demoralization.

It is a very interesting phenomenon indeed that during the deflation and depressed period from 1921 to 1923 the government should have been able to find a ready market for its securities and that in the prosperous years since 1923 it has again had to have recourse to the Bank of France. Concretely in 1922 the government was able to float enough securities in the domestic market to cover a deficit of approximately 25,000,000,000 and to repay about 2,000,000,000 francs of the outstanding advances from the Bank of France. But in 1925 it proved impossible to market enough securities to meet a deficit of something like 14,000,000,000 francs. What is the explanation of this phenomenon?

A period of deflation involves a liquidation of bank loans and a return flow of funds from industrial and commercial channels to the money markets. So long as these funds are not required for ordinary business purposes they are available for the purchase of government securities. In the United States and in England, as well as in France, the deflation period of 1921-23 proved a boon to the treasury. The accumulation of funds in the financial centers resulted in creating a market for government bonds at reduced rates of interest. The huge flotations of government securities in France during the years in question were purchased mainly with funds released from commercial channels.

With a return of inflation in the autumn of 1923, however, the whole current of events was changed. An ever-increasing quantity of funds was being absorbed in taking care of a growing volume of business financed at ever higher price levels, with the result that the market for government securities was steadily diminishing. It was apparent by the early summer of 1924 that before the end of the year the govern-

ment would again have to borrow direct from the Bank of France the means with which to cover its operating deficits. As a matter of fact it turned out that only about one fifth of the loan floated in November, 1924, was absorbed, even though the effective rate of interest was approximately 9 per cent. It was the failure of this loan which necessitated the renewed advances from the bank. So long as the commercial inflation continues there will be little market for government securities, and the government will have to resort to the bank continually for the notes with which to cover budget deficiencies. A new period of commercial deflation would, however, be accompanied by easing money markets and a strengthening of the government's borrowing position.

In the long run there is no way out for France unless the budget can be balanced. Further borrowing, whether at home or abroad, is at best but a temporary expedient. France is now paying the penalty of continued borrowing and there can be no final solution of the French problem until real revenues can be made to equal expenditures.

The deficit — including both the budget proper and the treasury accounts—still ranges around 14 or 15 billion francs. Mr. de Sanchez's figures, which are for the treasury accounts alone, do not reveal the real gravity of the French fiscal situation. Nor has Monsieur Lacour-Gayet indicated to you the full extent of the deficit. While showing that French taxes cannot be further increased nor expenditures appreciably reduced, both speakers attempt to create the impression that France is nevertheless in a sound position.

Theoretically it is an easy matter to eliminate a budget deficit. It can be accomplished by simple expedients like increasing revenues, reducing expenditures, or working from both ends toward the middle. Unfortunately, as Mr. Angell has pointed out, there comes a time when higher taxes will not yield higher revenues. While nobody can precisely say when such a moment is reached, I share the belief of Monsieur Lacour-Gayet that France cannot further materially increase her tax receipts. While my investigations have not led me to believe that the French tax burden is equal to as much as 27 or 28 per cent of the national income, it is, I think, now above 20 per cent.

Although expenditures, on the one hand, may be somewhat reduced, there are very definite limits to what may be accomplished by ordinary fiscal expedients. Military expenses comprise only about 15 per cent of the total, and a deficit of something like 15,000,000,000 probably cannot be reduced by more than one or two billions as a result of curtailed military outlays. Reconstruction expenditures, that is, outlays chargeable against Germany, will not automatically disappear with the completion of the work of physical reconstruction. In 1924 a total of about 16,000,000,000 out of 45,000,000,000 of expenditures were chargeable against Germany, and of this total about 8,000,000,000 is of a permanent sort. This sum is made up chiefly of pensions (which under the treaty were chargeable against Germany) and interest on the unpaid charges that have been accumulated. To a minor extent it represents relief work which will be of a continuing nature. These charges, amounting approximately to 8,000,000,000 francs at the present time, must be borne by the French people permanently, except in so far as they may be offset by future reparation receipts. Such reductions of expenditures as can be confidently counted upon in the near future will therefore fall far short of eliminating the complete deficit. The situation is further complicated by the fact that a rapid decline of the franc disrupts the fiscal administration.

I have elsewhere suggested that from an economic point of view it would be possible for France to bring her budget in balance by reducing the interest rate for a period of years, say from 5 to 2 per cent. Such a suggestion, however, is naturally objected to on the ground that it makes certain classes suffer, and that it is particularly unfair in that it places the burden upon a single class. The truth of the matter is, however, that there are three great classes of French bond holders: (1) the farmer or peasant, (2) the middle class—people in moderate circumstances, (3) financial institutions. Everyone admits that the agricultural class has not contributed as much to the support of the government in proportion to its income as other classes; and nearly everyone admits that the same is true of the financial institutions. There would, of course, be a heavy burden upon the middle class, but not so heavy by such a plan as they will have to bear if matters are allowed to drift. In-



deed since that plan was suggested in September, 1925, the bond-holding classes had already undergone sacrifices, as a result of the fall of the franc, almost equal to the burden which would have been entailed by a cut of the interest rate, and meanwhile the whole financial and economic situation has been placed upon a worse rather than upon a better basis.

It is easy enough to understand, however, why so courageous a measure as a cut in the interest rate is not acceptable in the world of practical affairs. On the one hand, there are those who cry that such a measure is repudiation, and that it would prove a great shock to government credit. In view of the fact that allowing things to drift is rapidly destroying French credit such an argument does not seem important, particularly in the light of the fact that a reorganization procedure of that sort would stabilize conditions. Nations have many times undergone such reorganization procedure and come through with restored credit. Bankers who hold to the view that a financial reorganization of a government, with a view to reducing interest charges, will destroy the credit of that government, seem to me to have become merely academicians.

However this may be, it is clear enough that the politics of the French situation is such as to render any heroic remedy out of the question. France, like other countries, is made up of many special groups. It is only natural that a remedy which affects so many groups adversely as would a cut in the interest rate would be unacceptable. It means sacrifice, and the French people are apparently still unwilling to face the fact that drastic measures are necessary. The leaders of the French public still conceal the true gravity of the situation by refusing to present a unified budget, which he who runs may read.

It is partly because of this concealment of the true situation that the French people and the French financial leaders as well still think that the way out for France is by further borrowing. While some additional borrowing may be necessary as a part of the program of financial stabilization, it is indeed difficult to believe that the way to make a sick nation well is to give it more of the medicine which has made it sick. France has borrowed at home and abroad so long that the accumulated



interest rate now threatens the whole stability of the country. While the decline in the franc might be temporarily arrested by further borrowing, additional credit is not a real remedy. Internal fiscal reforms of one kind or another constitute the only solution of the French problem.

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## DISCUSSION:<sup>1</sup> ECONOMIC ADJUSTMENTS: THE ECONOMIC PROBLEM OF FRANCE

MR. FERNALD: I had hoped that Dr. Moulton would continue his analysis of the expenditures, because that is the aspect of the problem which is less often presented—I speak as a friend of France and one who has lived there and studied there—and most difficult to answer. There is in America a general public impression which is more adverse to France as regards expenditures than as regards taxes. Americans generally hear of French governmental expenditures in Africa and in Syria and in other regions, and military subventions to various countries, and propaganda expenses that are encountered even in the United States. Under such circumstances Americans are inclined to wonder whether as close a study of the absolute reduction of expense has been made as might perhaps be the case if there were a French Mussolini—which God forbid! If no reduction can be made in the debt service—and I agree with Mr. de Sanchez's conclusion on that—is there a possible reduction in other items?

DR. H. G. MOULTON:<sup>2</sup> The total of French expenditures, as I say, runs about 45,000,000,000 francs. In 1924 the military expenditure was 7,500,000,000 francs. I assumed a reduction of twenty per cent there. That is just an assumption. You may think that they can get rid of the whole item. If so, then you can see big prospects, but if you think twenty per cent is an exaggeration, then you will think that I have been too optimistic. When it comes to the civil administration, the expenditures are surprisingly low. Perhaps these gentlemen can give the figures more accurately than I can, but they are not as high for the ordinary civil administration in my judgment as they ought to be in view of the great increase in the cost of living; and just as it was found in Germany that it was impossible to reduce the expenditures for civil administration, I think, this will be found to be the case in France.

<sup>1</sup> Open discussion at Round Table No. 8, May 13, 1926.

<sup>2</sup> For Dr. Moulton's address, see p. 323.

Another possibility is in curtailing pensions. Theoretically, one can propose that the pensions be cut off. I think they would have a very difficult if not an impossible social situation on their hands, if in a period of rising costs of living they attempted to reduce pensions. No serious thought is given to this idea.

Now we come to the interest on the public debt, and I want to say just a word about that. Of course, I realize quite as well as anybody that people do not like to have the interest on the public debt cut down, but to call this open repudiation seems to me to be utterly absurd.

Mr. de Sanchez is a representative of J. P. Morgan & Co. And, I venture to say that Morgan & Co., when a financial corporation in which they are interested finds that it can not make earnings because its interest charges are too high, face squarely a reduction of the interest charges. We never attempt to put an insolvent financial corporation upon its feet by any other process than that of reducing the fixed charges, and we do not call it repudiation; we call it common-sense financial reorganization. Nor does the corporation lose its credit as a result of such a reorganization process; on the contrary, it regains its credit.

To argue that the French Government would lose its credit if the French people through their elected representatives should agree to a temporary reduction of the interest rate as a means of balancing the budget and stabilizing the franc is to ignore the results of experience both in the fields of public and private finance. On the other hand, allowing things to drift as they have been drifting for several years means even heavier losses to the bondholders than under a plan of reducing interest rates. The French bondholders, both public and private, are rapidly losing their property and French credit is being destroyed in the process.

Mr. de Sanchez and M. Lacour-Gayet show that French revenues cannot be increased appreciably, if at all, and they show that expenditures cannot be reduced appreciably, if at all. At the same time they would have us believe that France is in a sound position. They have fallen into the typical French Finance Minister's habit of greatly minimizing the amount of the deficit. Mr. de Sanchez confines himself to the

treasury deficit, which he admits is something like six or seven billion francs, and he quite ignores the budget deficit.

Each year, from 1920 on, the statements at the beginning of the year have indicated that the deficit would be relatively small, and then at the end of the year it was relatively large. The sort of optimism which shows neither how one can reduce the expenditures materially nor how one can increase the revenues materially does not seem to me to be getting us very far on the road toward a solution of this problem. It is that sort of hopeful attitude, if I may speak perfectly frankly, the hope that somehow or other these things will solve themselves, that has brought France to her present sad plight.

As Sir Josiah Stamp said the other night, in this whole problem of European reconstruction, the first requirement for improvement is *realization*; and France has not yet fully realized the gravity of her situation. Until that is fully realized, you will continue to hope that this year things will be better, and meanwhile the franc will go lower and lower. And, as Mr. Angell points out, the more rapidly the franc declines, the greater becomes the difficulty of effecting fiscal stabilization: one has to shoot at a moving target. German finance reached its demoralized stage just because of the impossibility of fiscal administration in a period of rapid currency decline.

I find that the chief difference between people who have been optimistic on this French situation and those who have been rather pessimistic about it, is a difference due to the fact that some have the evidence as to the full amount of the deficit and as to the extent of the burden of taxes, and others do not. If I believed the current statements emanating from Paris to the effect that the deficit would be only 2,000,000,000 or 3,000,000,000 francs, I would be reasonably optimistic. That is why I think that something in the way of a major financial reorganization is required.

M. LACOUR-GAYET:<sup>1</sup> I would only answer very briefly to the remarks which have been made by Dr. Moulton. I think that the remarks he made about the possibility of cutting down the internal debt in France might be true if France were a financial concern. He told Mr. de Sanchez that any financial con-

<sup>1</sup> For M. Lacour-Gayet's addresses, see pp. 303, 319.

cern having trouble would try to cut the interest on its debt; but will you allow me to point out to you the situation is entirely different when we are considering not an industrial concern but a nation. Politically and psychologically, the solution presented by Dr. Moulton would be most dangerous for the future of a great nation.

This solution was adopted only once in the history of France. It was adopted in the Revolution, and then for a long period the credit of the state was entirely ruined.

As Mr. de Sanchez points out, most of the bonds are held by peasants, by middle-class people, by retired people who have confidence in the state. I think that nothing could be a harder blow to the credit of France than for the interest on these bonds to be cut.

Furthermore, I must say that at least in principle I quite agree to what Mr. de Sanchez said about the possibility of coming back to a gold basis, taking into account such depreciation of the franc as has occurred. You must never forget that, with the depreciation of the franc, the French internal debt has been cut six times. By the way, I point out that the French debt to the United States has been cut only half, so the French bondholders see their bonds now at a value of only one sixth and the American debt at a value of one half.

But what I wanted to say is only that with the depreciation of the franc, I quite agree, the burden of the internal debt expressed in gold is not such that it can not be borne by France. The only solution of our difficulties that I can see is: first, a stabilization of the franc (I should not quote of course any figures), and secondly a return to a gold basis. It seems to me that cutting the internal debt would be unwarranted, and according to what I know of French people, most dangerous for the future of France.





**PART VI**  
**INTERNATIONAL PROBLEMS OF**  
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## AGRARIAN REFORMS IN MEXICO

CHARLES W. HACKETT

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THE Mexican Revolution which began in 1910 has been almost entirely socio-economic in character. Its chief aims have been to effect agrarian reforms, to nationalize subsoil deposits, to curb the acquisition of property, particularly agricultural property, by foreigners, and to effect religious and educational reforms. Constitutional provisions embodying these revolutionary aims have been illogically arranged and crowded into Article 27 of the Constitution of 1917. The enforcement of each of these constitutional provisions since 1917 has constituted, in its turn, an individual problem for the Mexican Government, and has been the occasion and basis for strained relations or diplomatic controversies between it and the government of the United States.

Mexico's most urgent need in 1910 was agrarian reform. In the latter year, at the close of the Díaz régime, ninety-six per cent of a total of two and a quarter million heads of rural families in Mexico owned no real property.<sup>1</sup> Of that in the possession of the other four per cent, the greater part was held by 834 powerful land barons<sup>2</sup> whose haciendas varied in size from 21,945 acres to 6,000,000 acres. Furthermore, as a result of the unwise policies and unjust methods of Díaz, approximately 10,000,000 Indians or Indian-like people, who lived in villages which had owned from time immemorial communal lands known as *ejidos*, had not only been dispossessed of their communal holdings but were in a state of revolting from medieval serfdom.<sup>3</sup> Such a situation in itself made a revolution in Mexico inevitable.

<sup>1</sup> See statistics compiled by McBride, G. M., *Land Systems of Mexico* (American Geographical Society Research Series, No. 12, New York, 1923), p. 154.

<sup>2</sup> Phipps, H., *Some Aspects of the Agrarian Question in Mexico* (University of Texas Bulletin, Studies in History, No. 2, Austin, 1925), p. 127.

<sup>3</sup> *Ibid.*

For various reasons, namely, the default of Madero, the Conservative counter-revolution under Huerta, and the civil war among the revolutionary leaders after the overthrow of Huerta, nothing was accomplished, or seriously attempted, in the way of agrarian reform until the early part of 1915. In January of that year, Carranza, as First Constitutionalist Chief, issued his historical provisional agrarian decree.<sup>1</sup> Briefly summarized, this decree alienated village communal lands, waters and forests that had been illegally disposed of, "invaded," or "occupied" in the past. Such alienation automatically restored titles to lands to the villages which had once held them. Second, it provided for endowment of *ejidos* to villages which could not show titles to such communal lands once held—this to be effected "through expropriation by the National Government of the land indispensable for this purpose, taken from that which borders upon the towns concerned." Third, it set up the machinery, consisting of various Agrarian Commissions, for putting the decree into effect. Later, when the Constitution of 1917 was adopted, the provisional agrarian decree of 1915 was substantially incorporated into Article 27, along with provisions embodying the other chief aims of the Revolution of 1910. Since 1917, the agrarian provisions of the Constitution have been put into operation by the laws of December 28, 1920, and December 10, 1921, and by the Obregón Regulations of April 10, 1922. Since the latter date the agrarian law has undergone no material change.

Under the authority of the above-cited laws the division of haciendas has progressed steadily, the owners, according to González Roa, one of the United States-Mexican Commissioners in the conferences of 1923, being paid in bonds at the rate of about \$20 per acre. Up to September 1, 1921, a total of 413,123 acres of land had been transferred by way of restitution and a total of 1,462,293 acres had been transferred by way of grants. This seems to indicate that it was more difficult to restore lands to villages than to make a donation of land to them. It is a fact, however, that at first "most of the requests which the various agrarian commissions received were

<sup>1</sup> An English translation of this decree is in *The Mexican Year Book, 1922-24* (Los Angeles, 1924), pp. 228-232.

for restitution, not a grant of *ejidos*.”<sup>1</sup> Up to last August, according to Secretary of Agriculture León, the total of land theretofore assigned to villages, either as an endowment or by restitution, was approximately 19,760,000 acres, or one third of that to which he claimed that they are entitled.<sup>2</sup>

From the outset of the Revolution of 1910 the agrarian problem has been the most serious one in Mexico and the one which has most urgently demanded the attention of the revolutionary leaders. This was asserted as late as 1923 by the Mexican Commissioners in the joint conferences of that year.<sup>3</sup> Also, it was officially claimed in 1923, that the carrying out of an agrarian program had alone had the effect of restoring peace throughout Mexico. At the same time Foreign Minister Pani frankly admitted that there had been many excesses and illegal acts committed under the color of granting *ejidos* to villages.<sup>4</sup>

Not only has the agrarian problem been Mexico's most serious one, and the one which has most urgently required solution, but it has been responsible for the most serious of the differences between the United States and Mexico since 1915. The agrarian problem was to a limited degree responsible for the strained relations between the Carranza Government and that of the United States prior to 1920. It was in large measure responsible for the diplomatic *impasse* between the two governments between 1920 and 1923. In May of the latter year, President Harding, “in an effort to reach an understanding with Mexico respecting the questions at issue” between the two governments, appointed two Commissioners, Messrs. Charles B. Warren and John B. Payne, to meet two Mexican Commissioners, Señores Ramón Ross and Fernando González Roa, appointed by President Obregón.<sup>5</sup> According to Secretary Hughes, in the instructions given to the United

<sup>1</sup> Phipps, *op. cit.*

<sup>2</sup> Hackett, C. W., “Mexico and Central America,” in *Current History*, Vol. XXIII, No. 1 (October, 1925), p. 110.

<sup>3</sup> *Proceedings of the United States-Mexican Commission Convened in Mexico City, May 14, 1923* (Washington, 1925), p. 31.

<sup>4</sup> Excerpt from Foreign Minister Pani to the American Chargé d’Affaires, Mexico City, March 31, 1923, in *Proceedings of the United States-Mexican Commission* . . . p. 28.

<sup>5</sup> *Proceedings of the United States-Mexican Commission* . . . p. iii.

States Commissioners when they proceeded to Mexico, it was pointed out that:

The fundamental issue between the United States and Mexico was the safeguarding of American property rights in Mexico, especially as against a confiscatory application of the provisions of the Mexican constitution of 1917, and that the principal questions arising from this issue related:

First: To the restoration or proper reparation for the taking of lands owned by American citizens prior to May 1, 1917.

Second: To the obtaining of satisfactory assurances against confiscation of the subsoil interests in lands owned by American citizens prior to May 1, 1917.

Third: To the making of appropriate claims conventions.<sup>1</sup>

At the first conference on the agrarian problem on June 1, 1923, the United States Commissioners disclaimed any intention on the part of the United States to enter into a discussion with respect to the policy of the Mexican Government to provide *ejidos* for villages. They did register vigorous protests, however, against the methods employed to carry out the policy. They cited "some specific cases of excesses in respect of American property," and stated that in the possession of the Department of State and of the United States Commissioners there "was ample evidence of the taking of property, both buildings and land, contrary even to the provisions of the laws and decrees of Mexico, without any reference to the acquired rights of American citizens under international law." They then set forth the following official position of the United States Government, namely, that

... The United States maintains that under the rules of international law there can be no taking of lands, water rights or other property of American citizens, in whatever form their interest may be held, legally acquired prior to May 1, 1917, under the laws of Mexico and the Constitution of 1857, without indemnification in cash at the time of the taking for the just value thereof.<sup>2</sup>

In short, as far as the agrarian problem was concerned, it was not the taking of lands for *ejidos* by the Mexican Government under the right of eminent domain, but it was the in-

<sup>1</sup> Secretary Hughes to Senator Lodge, Washington, Jan. 15, 1924, in the *Congressional Record*, Vol. LXV, Part II, Jan. 16 to Feb. 7, 1924 (Washington, 1924), p. 1325.

<sup>2</sup> *Proceedings of the United States-Mexican Commission* . . . pp. 25-29.



demnification by the Mexican Government of owners with bonds, and at prices not regarded as "a just value thereof," that brought forth a protest of the American Government, in behalf of its aggrieved nationals.

The Mexican Commissioners made an able rejoinder to the point of view of the United States Commissioners. They upheld the constitutional requirement that the Mexican Government treat foreign residents in Mexico in the same way that Mexican citizens are treated; they defended the policy of granting *ejidos* to villages on the ground that it was designed to meet a national emergency; and they defended the actual methods being employed to put the policy into operation, stating that the Mexican Government "had always endeavored by all means within its power to comply with the law." They admitted that in ordinary cases of expropriation the Mexican Constitution provides for expropriation on the basis of immediate compensation in cash. Under the pressure of a national emergency, however, the payment of lands expropriated for *ejidos* was being made in twenty-year bonds bearing five per cent interest. These bonds the Mexican Government was willing to accept at par value in cases such as the payment for public and national lands and the payment "for interest or for the purchase price of lands granted to villages and sold to the residents." In view of these facts, and because of the efforts of the Government to negotiate a loan to redeem all outstanding bonds for lands expropriated for *ejidos*, the Mexican Commissioners stated that they felt that the bonds should have a cash value and should yield an income greater than rent of the expropriated lands.

Finally, the Mexican Commissioners indicated the basis for establishing the value of expropriated lands, namely, from the declarations made by the property owners themselves. Since property owners had repeatedly been given the opportunity to rectify the fiscal value of their properties since 1914, the Commissioners asserted that "the Mexican Government believes that the owners have had the opportunity of placing themselves in a position not to suffer damages, and if any of them have not wished to take advantage of this opportunity granted them by law, it is their own fault."<sup>1</sup>

<sup>1</sup> *Ibid.*, pp. 31-34.

In the final conferences on the agrarian problem on July 19 and July 20, mutually satisfactory understandings were reached with respect to it by the two groups of Commissioners. These understandings may be summarized as follows: The United States Commissioners, in view of Mexico's abnormal condition as the result of "revolutions and consequent disturbances," agreed that if the Mexican Government would make "a statement that its claims to expropriate lands of American citizens . . . for *ejidos* . . . for towns and villages now existing . . . does not constitute a precedent for Mexico entitling her to expropriate any other kind of property . . . for any purpose except upon indemnification for the just value thereof at the time of the taking having been made in cash," the United States Government would take under consideration "the question whether under the circumstances it will be willing to accept for its citizens who are owners of lands and claimants . . . federal bonds of Mexico . . . in payment for land at the just value thereof at the time of the taking, granted for *ejidos*," provided that the *ejidos* did not exceed a specified area of 1755 hectares (4335 acres).

In this connection the United States Commissioners specified that it was understood that from no property of a citizen of the United States, or property in which a citizen of the United States had an interest, could an area greater than approximately 1755 hectares (4335 acres) be expropriated for an *ejido* unless all such land in excess of 1755 hectares (4335 acres) were paid for in cash for the just value thereof at the time of the expropriation. A further condition was that "any citizen of the United States whose lands have been taken or are being taken" would have the right to present to a proposed Joint Claims Commission "his claim for loss or damage for any injustice arising from acts of officials or others acting for the Mexican Government."

With respect to the method of arriving at the true value of expropriated land, the United States Government did not "consider it fair, just or legal" for these lands to be paid for on the basis of the assessed valuation, "either as fixed after a declaration by the owner or without a declaration by the owner," and maintained the position "that the owner was entitled to compensation, no matter how paid, for the just value of the land at the time of the taking."

Finally, the United States Commissioners stated that the Government of the United States reserved "its rights . . . to make claims for any losses or damages to its citizens by reason of any injustice" by the national or state governments of Mexico, and in general reserved "under the same conditions all the rights of whatever nature of its citizens under international law, equity and justice, except as limited by any arrangements that may be hereafter concluded . . . in respect of accepting bonds for *ejidos* of the area specified and under the conditions specified."<sup>1</sup>

The following day, July 20, the Mexican Commissioners agreed that the Mexican Government would not maintain that the acceptance of federal bonds in payment for lands expropriated for *ejidos* of the specified area should be "regarded as an acceptance on the part of the Government of the United States of the principle that payment in bonds can be made for the expropriation of lands or other property for any other reason." Other satisfactory assurances of the Mexican Commissioners were to the effect that "the Mexican Government has ordered the restitution of all property and rights confiscated or wrongfully taken from their owners during the revolution." At the same meeting the Mexican Commissioners in behalf of their government "stated that they recognize the right of the American Government to reserve the full rights of its citizens . . . to present claims brought about by expropriation to the commission to be hereafter constituted under a general claims convention."<sup>2</sup>

On the basis of the above statements, the United States and Mexican Commissioners, without receding from their original positions with respect to the agrarian problem, recognized the right of the governments of both the United States and Mexico to make any representation in behalf of their nationals as they might see fit before the Claims Commissions as at present constituted.

Such is Mexico's agrarian program and the difficulties encountered in connection with it. The chief criticism against practical agrarianism is that at present Mexico has to import more corn and grain than was the case before the revolution

<sup>1</sup> *Ibid.*, pp. 37-40.

<sup>2</sup> *Ibid.*, pp. 41-44.

under the large proprietor system. That is true, but it is also true that land has been and is being restored to the liberated peons. The following conclusion was reached in 1923 by George McCutchen McBride: "The term 'agrarian revolution' is justified by the results being attained. . . . Land is being given to the people. . . . Pastor Rouaix and Villareal have tried . . . to carry forward the program. De la Huerta, General Calles, and Obregón include this in all their important declarations of purposes, and under their direction progress has been made toward a real agrarian reform."<sup>1</sup>

<sup>1</sup> McBride, *op. cit.*, p. 159.

## LATIN-AMERICAN COOPERATION FOR INTERNATIONAL PEACE

ALFRED HOLMAN

Trustee, Carnegie Endowment; Formerly Editor, *The Argonaut*,  
San Francisco, Cal.

FROM personal contact and observation I can speak only of the several Latin American states that lie in South America below the equatorial line. Within the current year I have gone quite thoroughly over this whole region and have come into association, more or less intimate, with practically all the personalities potential in political, military, or commercial life. The South Americans, if I may speak of them collectively, are descendants of a warlike stock, and they are in a stage of social development not yet purged of the military spirit. Nominally a group of free peoples, the Latin Americans in their political institutions and practices are still under the rule of Force. Of them all there is no government that is not in its essence a dictatorship; and in each the powers that be are, or deem themselves to be, dependent for sustained authority within, and for protection from without, upon military organization.

I found an interesting illustration in Peru. Augusto Leguia, President of Peru, is one of the most interesting men I have ever seen. He speaks English idiomatically. His manners are those of a gentleman. He is courteous and gracious, short in stature. He came into the presidency originally fifteen years ago by the methods that are pretty general in South America, in Peru at least. He served one term and was beaten, then went to live in England but kept his hand on the pulse of politics there.

Some six or seven years ago he was reelected. He reached Peru several weeks before the constitutional date for his taking office and found that the president was conspiring with his enemies to keep him out of the office to which he had been elected. So with his friends he walked into the palace and lifted the president out of the chair, sat down, and as-

sumed the office three or four months before the official time and has stayed there ever since. The Constitution had previously prohibited successive terms, but through his influence upon the legislature he managed to have that law nullified, so he was again elected two years later and has been elected ever since.

If anybody in Peru does anything that Leguia thinks is not good for Peru, he calls him to his office, tells him he is overworked and ought to take a vacation. He tells him that he can have a wonderful time in Paris, or if he does not like that, there is an island about ten or twelve miles from Callao where he can be maintained in comfort, with golf links and tennis courts. He pursues no man to the hazard of his life. He does not confiscate property. He permits the exile to come back to look after his private affairs. He is quite likely to call an offender into the palace, give him a cigar and a glass of wine, and in four cases out of five the offender goes out feeling very friendly to Leguia, but he goes to the island until he is thoroughly restored in his favor.

I will not bore you with an account of the personal courage by which he commands the respect of his people. He is doing a great service to Peru. He lives in a shabby, old palace, when he might use funds to build a monument to himself. But he does not do it. He is building up a system of irrigation, along the streams that run from the Andes out to the Pacific Ocean. He has built a broad, beautiful highway between the city of Lima and the port of Callao, a substitute for an old runabout and rather dangerous road.

A month ago when I was there he was discussing the matter of building a series of docks to obviate the loading of ships from lighters at the port of Callao. He is maintaining schools everywhere he can. He has instituted a system of compulsory education. At Callao I saw twenty-five hundred children being fed. He is trying to build up the physical stamina of the people. In other words, he is doing a very excellent work in a very arbitrary way. I do not see that it can be done in any other way.

I have talked to people who were not friendly to him, and yet I did not hear any man say he was not doing excellent work for Peru. One man who is conspicuous for his opposi-



tion to Leguia says that of course he is a tyrant and a dictator, but that he did not know of any misfortune that could come to Peru that would be any greater than his retirement.

No great potential army is maintained by any South American country: their relative lack of financial resources prohibits strong armaments either of land or sea forces. Brazil has about 6000 rather inferior troops, and Chile has 45,000 very efficient troops, trained by German officers. But even where military organization is at a low point, there is plainly in evidence that which emphasizes the military ideal and is suggestive of military ambition. The approach to any South American presidency, or even to ministerial offices, is under the guardianship of men in uniform and bearing arms. Uruguay is a little country. I live in California where we have about 4,000,000 people. Of course, when anybody goes to the state capitol, he shifts his cigar to the other side of his mouth and says, "Hello, Richardson," and that is all there is to it. The sight of fifty soldiers around the palace at the Uruguayan capitol all dolled up in gold braid is very imposing. I rather liked it. I even got into a tail coat myself. It certainly gives a certain dignity and emphasis to the government. Everywhere in connection with the official life of South America the visitor finds himself in an atmosphere once, with reference to India, described by the late Lord Bryce as "smelling of gunpowder." Obviously that sort of thing appeals to the Latin-American psychology, and it is no small factor among the influences that go to prop up governing systems more than less arbitrary in character and more than less uncertain at the point of tenure.

I do not know that a man who spends five days in a capitol and another ten waiting for a ship has a right to have any definite opinions. I do not want to be understood as having surveyed these countries with any degree of thoroughness or having found cock-sure solutions for their problems. What I present is nothing more than impressions.

As yet the South Americans, ambitious for world recognition as they are, and spirited as their outgivings loudly proclaim them, are hardly conscious of any responsibility relative to world problems, among others the problem of international peace. While they would be loath to confess the fact, they

realize that for them safety lies in their relative impotence in relationship to anything lying beyond the borders of their own continent. In the military sense their view does not go beyond the countries that lie within immediate neighborhood. They do not love each other; and the same must be said of states and districts within unified boundaries.

Uruguay, rich in potentialities but weak in numbers and financial resources, is under the impression that covetous eyes are fixed upon her both from Southern Brazil and from her more powerful neighbor, Argentina. Turning to the west coast, there are between Peru and Chile inveterate hatreds founded in historic resentments, freshly stimulated by the immediate contention over Tacna and Arica. These citations illustrate conditions of mutual jealousy, dislike, or fear among states where many historical influences would seem to imply common and friendly sentiments.

South America's voice in any world convention may be depended upon for support of the cause of international peace. For all the military spirit of her peoples, South America lies open to aggression. Any one of the more powerful nations might under provocation or without provocation swoop down and overwhelm any one of the South American countries. South America has everything to fear from what I may call alien warfare. She has everything to gain through peaceful relations with the broader world. Bear in mind that South Americans as a people are animated by a belligerent spirit, but count them, under the necessities of their situation, as supporters of the cause of international peace.

Brazil, as you know, is an enormous country. It is a country composed of different sections which are not related by any real interest except that of government. Sao Paulo in the South and the little states that lie below are modern, white, energetic. Coffee has made them wealthy. The two cities of Sao Paulo and Santos have very much the atmosphere of our own American cities. It is a go-ahead, active region. The North is chocolate-colored. I am told there are only four families in Brazil that have not some trace of negro lineage. With Sao Paulo the four southern states of Brazil, I believe, would be glad to make up a country of their own.

They have just elected a president, Washington Luiz, by

the methods that are used there. He told me his father was an admirer of everything American, and that he had named one son Washington and another Lafayette. He is the most beautiful person, after masculine standards, that I have ever seen. He is tall, but not too tall; full, but not too full; he has beautiful eyes, a characteristic Portuguese. He speaks no English. His manner is very cordial, very gracious. I invited him to come to this country. I told him the Carnegie Endowment would meet him at the dock, carry him through the country, and return him to his people. He said that he would be very glad to come, but he had promised to go during the current year to each of the twenty-two states of Brazil, and that is a tremendous job. He is what you would call a Progressive in this country. His specialty is roads. He looks a strong man.

I think we make the mistake—I know I did—of regarding South America as a unified country. With the exception of the Portuguese in Brazil, the South Americans are Spanish, with Spanish traditions. The laws and institutions reflect these traditions. They have a common religion, and the circumstances and conditions would seem to imply it is a unit. But geographically and in the character of their people they are as separate as Canada from Mexico, or Maine from Texas. Take the two regions of North and South Brazil. They are as alien as Oregon and Florida, perhaps at the moment, to emphasize the situation, California and Florida.

Those countries are not in close relationship with each other. They do not like each other very much, especially on the West Coast. Argentina is the up-to-date, modern country, of course. There are 2,000,000 Italians there, and 1,000,000 in the state of Sao Paulo, Brazil.

Uruguay sets itself up as the aristocrat of South America because of its pure Spanish blood. Of course, Argentina with its very great prosperity of late years, is not thinking of history but of the future. Buenos Aires is a beautiful city. It is Chicago dressed up to look like Paris. And it does look like Paris. But it is Chicago when you get under the skin. It is full of energy and capability, although still a little self-conscious. I am disposed to think it may, when the country is fully populated, surpass New York. It would not surprise me if it became one of the greater world cities.

The lands of that country are held in enormous areas from generation to generation, the reason being that when those countries broke away from Spain the controlling influences were exercised by the land-owning class. Therefore the great land areas were made practically, although not wholly, exempt from taxation. Taxes are levied upon imports, stamps, and upon every conceivable thing except land areas. A strictly first-class cigar that costs thirty cents in Brazil costs \$1.40 in Buenos Aires. A pair of Paris suspenders that costs us seventy-five cents, cost three dollars in Argentina.

Because the lands are lightly and inadequately taxed, the great landed properties of Argentina are not broken up. That means a low order of cultivation of field crops instead of gardens and farms. It means that there is not developing a middle class except in the towns and cities, and that not to any great extent. But a middle class will have to be produced before South America shall become legitimately prosperous, I mean, in proportion to her very great resources. That means there will have to be a reorganization of her system of taxation. I believe that to be the great fundamental need of that country.

Of course, there are many kinds of propaganda in South America. We have the French wishing to get the South American to come to France and spend his money. We have the Spaniard who cultivates the latter's friendship, having some trade and many family relations. We have the Britisher who was established very early and who maintains a strong connection. Then, of course, we have the German competition and manufactures. The men who sell American goods prefer to sell British or Spanish or French or German goods, so naturally the balance is in favor of our rivals.

Now, begging your pardon, I come to the missionary. The Catholic Church is naturally resentful of attempts on the part of American missionaries to "save South America for Christ". They do not want to be saved for Christ. They have their own religion, and it is very natural that the Catholic Church, which has a close domestic connection with every household, should resent the effort of American missionaries to make over Catholics into Methodists. A great deal of the resentment toward all things American is based on the activities of the

missionary. One consequence of his activities is that of arraying the Catholic Church of South America against everything that comes from North America.

And here I venture to say that in my judgment the best religion for any man is the religion that affiliates him with his own traditions, his own family, his own people. I do not think anything has been gained by making the Chinaman a stranger in his father's house, an alien to his own country and traditions. I do not think you are going to accomplish anything by trying to make Methodists out of South American Catholics. On the whole, I think our relations with South America would be very much more cordial if we would call all the missionaries home and leave the South Americans to a religion traditional with them.

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## OUR RELATIONS WITH CUBA

VERNON MUNROE

### SUMMARY

**A**T the Round Table Conference on Latin-American questions, Mr. Vernon Munroe spoke as substitute for Mr. Dwight W. Morrow of Messrs. J. P. Morgan & Co. on "Our Relations with Cuba." He first outlined the present political conditions in Cuba, emphasizing the satisfactory relations between the Cuban Government and the United States Administration and the high character and unusual capacity of President Machado. He reminded the members that the Platt Amendment was like a treaty, and "as with most treaties, some of its provisions are vague enough to mean whatever the contracting parties want them to mean in any given case." The interpretations of the amendment are likely, he said, to differ with different administrations and to be controlled at any given time by public opinion in the two countries, United States and Cuba. He described the genesis of the Platt Amendment, saying that it was originally intended to be a protection to Cuba rather than a benefit to the United States. It was so understood by public opinion in both countries at the time it was passed, and is essentially so understood to-day. He briefly outlined the history of the intervention at the close of President Estrada Palma's first term in 1906. He also outlined the conditions which brought about the threatened intervention in 1917, when General Menocal was President of Cuba. After a few words with reference to the application of the Platt Amendment on these two occasions, he outlined the method by which assistance was given to Cuba at her request in 1921 and succeeding years during the crisis caused by the collapse in sugar prices. This assistance was rendered under a clause in the Platt Amendment interpreting the rights and duties of the United States in case of a breakdown of authority in Cuba.

He emphasized the gains made by Cuba financially between 1921 and 1925, due to careful and economical administration in



those years of great difficulty and depression resulting in a reduction of 25 per cent in the amount of Cuba's debt, external and internal. He pointed out that in his opinion American capital though entering Cuba more and more, was less likely to ask political action by the United States in bad times because of the existence of the Platt Amendment and the protection to life and property thereby assured than if there were no such understanding between the two governments. His general feeling as to the relations between Cuba and the United States in the future was highly optimistic.

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## DISCUSSION:<sup>1</sup> INTERNATIONAL PROBLEMS OF LATIN AMERICA

CHAIRMAN, PROFESSOR CHARLES W. HACKETT:<sup>2</sup> It certainly is very encouraging to know that such an arrangement as the Platt Amendment can be satisfactorily carried on. The significance doesn't end with Cuba, but its importance is realized in connection with all of our relations with Latin America.

The meeting is now thrown open to discussion, and I shall submit to being the principal target with respect to Mexico, and shall designate targets for other areas.

First of all, I want to open the agrarian problem, the Mexican problem, in this way: In a recent article on foreign affairs, Manuel Gomez compares the agrarian movement in Mexico with the similar movement going on in Central Europe, through Rumania, Hungary, Austria, and I don't remember whether he says Czechoslovakia or not. I understand that his Excellency, the Minister from Czechoslovakia, is present, and I wonder if we might call upon him to indicate briefly whether or not that is a movement with which he is familiar, and whether he can give us some side lights on the movement which Manuel Gomez has considered analogous to the movement in Mexico.

HIS EXCELLENCY, ZDENEK FIERLINGER:<sup>3</sup> Certainly! We have in Central Europe a similar problem, that is, an agrarian problem. Before the war the land in Central Europe was apportioned in large estates. The largest estate in our country, for instance, in Bohemia, comprised about 40,000 hectares, which, roughly speaking, would be about 120,000 acres. On the other hand, there was a great demand for land on the part of the peasants who did not have enough to cultivate. That was true also in Rumania and Hungary, especially in Transylvania, which is now part of Rumania.

<sup>1</sup> Open discussion at Round Table No. 2, May 11, 1926.

<sup>2</sup> For Professor Hackett's address, and other papers which preceded this discussion, see pp. 339, 347, 354.

<sup>3</sup> Minister to the United States from Czechoslovakia.

After the Great War the new governments had to take some measures in order to prevent social upheavals and economic crises. For instance, in Rumania they took very radical measures even before the armistice. The army, consisting chiefly of peasants, demanded a solution of this problem, and I think the situation would have been very difficult if the Rumanian Parliament at that time had not taken radical measures in order to give to the peasants their share of the land. The Parliament voted a very radical law which gave practically all the land to the peasants, at the same time assigning a certain compensation to the proprietors.

It is significant that it was chiefly the proprietors themselves who voted this law. Of course, on account of the depreciation of the currency the compensation was very small, and the proprietors conserved only a very small part of the property which was seized.

As has been stated, a certain injustice was done to the proprietors, but it is very difficult for everybody to expect to get the whole value of his property back when the country is going through such difficult crises, and social upheavals as have been taking place in Europe. Everybody suffered during the war. People who had money deposited in the banks suffered because of the depreciation of the currency. People who were shareholders suffered by the fact that the price of the shares went down. I think the intellectual class suffered the most. Even now they are suffering because their salaries are at a minimum. In short, the effects of the war have resulted in burdening every class of the population, and if the proprietors of the large estates could not get full compensation for their estates they were not the only class that suffered. The governments could not pay the whole value for the property.

In Czechoslovakia, for instance, the Land Reform Law fixed a certain compensation which amounts to about a third of the pre-war value. The law institutes a special bureau which has to liquidate the properties and give them over to the peasants and then fix a settlement for the proprietors, leaving them, moreover, a minimum of about 700 acres. In cases where the landed proprietor reaches an agreement with the peasants, this takes place without the intervention of the bureau. In most cases the proprietors reach an under-

standing with the peasants and the bureau does not have to interfere.

Of course, in every country, in every state, the situation is different. In Rumania there is not widespread use of modern farm machinery and implements. The peasants can not even cultivate the soil which they now possess. From an economical standpoint, therefore, the reform at the present time is not an unqualified success.

All these social measures, however, must be considered from the point of view of an historian; that is to say, we must consider what the effects will be in the future, not now, because the situation at present is very difficult.

I am confident that in Rumania the land reform will help to create a vast class of small landowners. If Rumania becomes agricultural it will have a very stable basis upon which to build, for I feel that the class of small peasants are the best elements everywhere.

In Czechoslovakia the situation is different, because there the farmers are comparatively educated. They are very modern and up-to-date farmers, and the land which was attributed to the peasants is intensely cultivated. Consequently, from the economic point of view, the reform is a great success. We are confident that after this law has been carried out completely, in ten or fifteen years all the land will be divided, and the results will be very beneficial. To be sure, there is a certain class of former proprietors of the largest estates who are suffering, who have not received a hundred per cent of the value of their property. But as every class in Europe had to suffer, they too had to shoulder their share.

I think that there is a certain analogy between the problem in Mexico and the agrarian problem in Central Europe.

CHAIRMAN HACKETT: I think we ought to hold in mind that everything that happens below the Rio Grande is not absolutely unique for that region, and it would be interesting to compare what is going on in Mexico with other great world social upheavals. I understand that Mr. Gonzales, former ambassador to Cuba, the first American ambassador to Peru, is supposed to be here. Is he present? I had hoped he might lead off the discussion concerning what Mr. Holman had to say.

[MR. WILLIAM E. GONZALES (Editor, *The Columbia State*, Columbia, S. C., former United States ambassador to Cuba and to Peru) discussed the Tacna-Arica controversy and other matters, but as his remarks were not intended for publication they are not reproduced here.]

MR. ALFRED HOLMAN:<sup>1</sup> May I say that diplomacy deals with the differences among countries. A better kind of diplomacy would be to do with the correspondences of countries, which are many.

MR. S. E. HEYMANN: To what extent, if at all, is the agrarian movement in Mexico an elaboration of the single tax? Are they closely related? What I mean to ask is whether it is not possible this movement has been forced upon a majority by the minority, of either Mexicans or aliens.

CHAIRMAN HACKETT: I do not think there is the slightest connection. I do not think that is the understanding of the agrarian movement at all. Instead of being the desire of a minority, it is the will of the majority, of 10,000,000 people, to get land to sustain themselves, land which they had held up until the Díaz régime and his decree of May 25, 1884, by which they were dispossessed of communal lands which they held from time immemorial. It simply is a movement to create a system of small proprietorships so that they can become self-sustaining. That having been achieved, they may be reached by schools and education. In both directions there has been remarkable progress since 1920. The present government of Mexico has distributed 19,760,000 acres of land, and has founded 5,000 schools for the same people to whom the land has just been given. The number of new schools is larger than the number of schools attended in Díaz's régime.

MR. HEYMANN: In other words, the original Spanish titles—if there were such, and I suppose there were, the same as elsewhere—become invalidated by act of congress or legislature.

<sup>1</sup> Trustee, Carnegie Endowment; Formerly editor, *The Argonaut*, San Francisco, Cal. See also the address by Mr. Holman, p. 347.

CHAIRMAN HACKETT: That is quite wrong. The Spanish titles have been respected, but the fact is that the Indian communal lands were taken away by the decree of 1884 and the Indians dispossessed of them. The movement is not to destroy the Spanish titles at all, but to restore to the villages lands of which they were deprived unjustly and illegally and immorally. In some cases titles to village lands dated prior to the coming of Cortez in 1519. Some of them were written in their native languages, some written on native pots with drawings similar to our blueprints, in a way. It was the object of the Díaz forces and Díaz himself to destroy those titles. In some cases the Indians were able to hide them. With this revolution they have dragged them out from their hiding places and in cases where they have been entitled to grants, their lands have been restored. In cases where the titles were taken away by force, often by bloodshed, and destroyed, where it is not possible to make the title clear to village lands, they have given lands to the claimants.

The only way was to expropriate the lands of the large estates. That is where the Spanish titles are endangered, but the landowners are entitled to indemnification. The payment of bonds is not regarded as a full indemnification. That is where Mrs. Evans had her complaint. She admitted that the government had the right to expropriate, but she objected to the fact that the government was not willing to pay her what she considered was the value of her property. The government went into an investigation and was willing to make a payment on the basis of the findings, but she demanded full value, which was \$800,000. The only basis they would concede was \$100,000 in gold. She maintained that that was only one eighth of what the property was worth.

COMMANDER HUGO KOEHLER: <sup>1</sup> Mr. Chairman, as I followed the agrarian movement in Europe, I saw that practically invariably it went through identical phases. For example, during the first years of the working of agrarian reform, the new proprietors, who lacked sufficient working capital and were almost always inexperienced in farm management even though they may have been farm laborers all their lives, rarely

<sup>1</sup> Naval War College, Newport, R. I.



produced as much grain as had been obtained when the land was worked as part of a great estate. The resultant shortage of farm products at once sent up prices and increased the cost of living. Whereupon, the old landed proprietors would cry out "See what agrarian reform means in actual practice. The first thing it does is to send up food prices." The industrial workers who at once felt the higher prices of farm products then joined the landed proprietors in this cry and together they would stop the agrarian reforms. So the pendulum would swing the other way. But, nevertheless, if we will only take a broader point of view and realize that there must always be a beginning and that during beginnings of even the very soundest measures all may not be as well as formerly, agrarian reform will be given a chance and the thing will march on.

I have seen many attempts to solve agrarian difficulties by providing an almost purely political solution for this problem that is so largely economic. But the only successful solution of this problem I've ever heard of was one based first and foremost on sound economic laws, and the political solution was then made to fit, instead of vice versa. Even the cleverest of politicians cannot make economic laws fit political expediency in these matters. Take, for example, Rumania, as one speaker has indicated, or Latvia and Esthonia. The returned soldiers felt they were entitled to land. It was good politics, at the moment, to agree to this. So the great estates were divided up into tiny parcels and every cab driver and ribbon clerk who thought it would be fine to be a landed proprietor was given a piece of land. But these city dwellers didn't want to go out and work and grub on the land. No, the cab drivers still drove their cabs and the ribbon clerks continued to sell ribbons. So the land that had produced grain before no longer produced grain; and that meant tragedy all around.

In Mexico, as I understand the agrarian reform there, the land will be turned over, not to city dwellers and people who may or may not work it, but will be given to the people who actually work it. In other words, the land will continue to discharge its economic duty; it will still produce grain and perhaps even in greater, not less, quantities.

In Europe, the problem is often further complicated by the fact that the local conditions are such that the land cannot be economically operated in small holdings because the small holding cannot support the necessary machinery, and the peasants lack cooperative organizations. But in Mexico, the local conditions in many regions are such that the land *can* be operated economically in small holdings. Moreover, the land is to be turned over to those who are already working it as laborers. So I think we can be optimistic about agrarian reform there.

In this connection there is another pertinent point. I have followed the various agrarian reforms in Europe in some detail, and I have read many glowing accounts of the splendid results of turning over land to the land-hungry peasants. Repeatedly, I have been given statistics about the actual number of acres actually turned over to the peasants. Nevertheless, when I have tried to put my finger on a real peasant who had received real land under the conditions I heard described, or when I wanted to put my foot on a real acre apportioned out, I had a frightfully difficult time, for the peasants usually receive promises instead of acres. But Mexico, I found, was an exception to this general rule; the peasants had actually received actual acres.

MISS AMY H. JONES:<sup>1</sup> Isn't it true that the Mexicans haven't as much initiative now that they have the land, and that the crops produced are smaller in quantity than they were before?

CHAIRMAN HACKETT: Not so much grain is being produced, that is true. The landowner is content to raise beans and the small amount of maize he needs for himself. They are not raising produce for the large urban populations, such as Mexico City. That explains why the labor element in Mexico is not as sympathetic toward the agrarian movement as it was a few years ago; it is because practical agrarianism is not producing as much grain. Consequently the industrial workers and the city people have to pay more for bread. Therefore, you have a breach between agrarianism and the

<sup>1</sup> Carnegie Endowment, New York City.

dominant labor party in Mexico to-day. I expect the next trouble in Mexico will be between labor and agrarianism, because agrarianism is self-content for the time being, so content as to care little about raising wheat for the city people.

CHAIRMAN HACKETT: Are there other questions?

MR. J. H. ADAMS:<sup>1</sup> What is the dispute in the Mexican Claims Commission?

CHAIRMAN HACKETT: The dispute is over the interpretation of a certain clause in the General Claims Convention which was signed in 1923, which relieves the Mexican Government of responsibility for action of mobs, mutinies or insurrections by forces or by bandits, provided in any case that reasonable steps have been taken to suppress them.

It so happens that in January of 1916 Villa, being in rebellion against Carranza, who had been recognized as head of the *de facto* government, was declared a bandit. I don't know whether a price was offered for his head or not at that time. Carranza did so later. Villa was jealous because Carranza had won recognition, and, in order to provoke complications, he staged what is known as the Santa Isabella massacre, in which sixteen or seventeen American citizens were murdered, Americans who had been invited into Mexico by Carranza and his government to reopen the mines.

The present Government of Mexico, through the Mexican Commissioners, claimed that by the terms of that treaty Mexico is absolved from blame for the action of Villa in murdering those men. The United States Commissioners, of course, have tried to secure recognition of claims of the families of the men who were killed. The American Commissioners have dissented from the ruling of the neutral umpire, Dr. Riga, that Mexico is not responsible for the action of those men on the ground that Villa was a bandit and that he was so referred to in the official dispatches between Mexico and the United States at the time Pershing went into Mexico. The Mexican Government was advised that the American forces were pursuing a bandit. The contention is that he was a bandit, and

<sup>1</sup> Editor, *Baltimore Sun*, Baltimore, Md.

therefore the Mexican Government is excluded from responsibility for his act because they had made efforts to suppress him. The American Commissioner has dissented from that opinion.

MR. ADAMS: What further action can he take?

CHAIRMAN HACKETT: There is no further action provided for. That is, there is no appeal from the rulings of the umpire. As I see it, the United States surrendered to this neutral umpire its rights in the case to be adjudicated, and it is up to us to live up to the decision. I am not passing on the legality of the question. I am not saying that the families of those men do not deserve compensation. But I do say that we surrendered to a neutral umpire all of our rights to adjudicate. Therefore, it is as much our duty to live up to the decisions of that umpire as it is for Chile or Peru to live up to the decision of President Coolidge in the Tacna-Arica case.

DR. GILBERTO DE MELLO FREYRE:<sup>1</sup> I should like to ask Mr. Holman a question. I should like to ask where he got the impression or idea that the southern part of Brazil wanted to separate from the northern part.

MR. HOLMAN:<sup>2</sup> I got it from the atmosphere of conversations with many people. It would not be fair to speak specifically, even if I were able to, as to where I got that information. I had two associates who went with me, and everywhere we went we encountered statements that Sao Paulo pays from seventy-five to eighty per cent of revenues. I found the country under martial law. There was an atmosphere of general criticism concerning the expenditures of the government. It was said that too much of the revenue was spent on the other parts of the country; and the very definitely capable, modern and energetic state of Sao Paulo felt it was paying an undue share of the revenues of the country; and that it was a burden to be tied up with the North, where, as one man expressed it, only fifty per cent of the people wore shoes. That is about as nearly as I can answer your question.

<sup>1</sup> *Diario de Pernambuco*, Pernambuco, Brazil.

<sup>2</sup> For Mr. Holman's address, see p. 347.

I said in the beginning that I was only giving impressions. I do not wish to be taken as speaking authoritatively, but nevertheless I distinctly got the impression that the case was such as I cited. I was told in Rio that the next presidential election had been conceded to Washington Luiz as a kind of compensation to Sao Paulo, to smooth over the troubles of two years ago. It seemed to me that it was going to be very difficult for the two parts of Brazil to hold together.

DR. FREYRE: There is a sentiment for separation, but not in the South. The case is exactly the opposite, because North Brazil does not get the same attention as the South gets. But I never heard that Sao Paulo had any separatist inclinations.

MR. HOLMAN: I got that very distinct impression. One of my associates went down there the week before I did. He said, "These active people here are not going to remain tied up indefinitely to the less energetic and less modern North." While that was not a question that I could decently ask people about, yet that impression was conveyed.

DR. FREYRE: I only know that if I wrote that Sao Paulo wished to separate from the North of Brazil it would cause a sensation.

MR. HOLMAN: I am sorry that any statement of mine should cause a sensation in Brazil, because I have no right to pass any such judgment. I was merely making a general remark.

DR. FREYRE: You merely explained the statement by itself.

MR. HOLMAN: That statement by itself seemed to have an importance that does not go along with my disclaiming of authority as I went along.

DR. FREYRE: Of course, one should be very careful about one's impressions. I might very easily wire to Brazil that you were about to have civil war over prohibition.

MR. HOLMAN: I have not had that printed in any newspaper. I was merely talking over a privileged table. It would have been quite another thing had I said that Brazil was going to have a revolution. I do not say that. But I do say

that I have the very distinct impression that the energetic, highly prosperous coffee region, with a million Italians, who have no respect or knowledge or interest in the traditions of Brazil, would be willing to set up their own government.

CHAIRMAN HACKETT: What about the German element? There are 500,000 Germans there.

MR. HOLMAN: They are farther south. There, again, is another element I thought might be interested in some other kind of government than the government which is adapted to the North Coast, where, as my friend said, only few wear shoes.

CHAIRMAN HACKETT: Yet during the war those 500,000 Germans remained absolutely loyal to Brazil. That strikes me as being the strongest evidence of unity in the country.

DR. FREYRE: They remained very loyal.

CHAIRMAN HACKETT: After a while Mueller, a full-blooded German, was selected as foreign minister in order to give recognition to the Germanic element in Southern Brazil.

MR. HOLMAN: I had the impression that they had their own state down there, but I found Brazilians. I think they are more closely affiliated with Sao Paulo than with the North.

DR. FREYRE: Another point I want to make is that I am in agreement with Mr. Holman on his stand concerning the missionaries.

MRS. LINDSAY: This is the last subject on the face of the earth that I ever expected to say anything about in this conference, and if it is going to cause any ill feeling, I won't say a word. But I did want to ask Mr. Holman how many missionary stations or schools he actually visited.

MR. HOLMAN: I didn't visit them. I avoided them. I saw enough missionaries who called on me. Of course, I hope I am not being cross-examined. I went to one mission where there were some very commonplace people trying to do a very improper and impertinent thing.



MRS. LINDSAY: The second question I want to ask is: Which missionary spent most or a large proportion of the appropriation for his or her own home?

MR. HOLMAN: I don't think it would be quite the proper thing for me to give the names.

MRS. LINDSAY: In South America, in general, I visited both Catholic institutions and Protestant missionary stations and schools, and in Chile I saw the government schools, which are neither Protestant nor Catholic. I found one thing to be practically universally true. I found a love of education—the same love of intellectual ideals that I would find in stepping across the campus of Columbia University—in those Catholic or non-Catholic professors, in those Protestant missionaries, teaching in their schools and universities.

As I went through, I quite put in abeyance the question of whether it was Catholic or Protestant work. It was all done in the spirit of Jesus. I saw Protestant missionary work in Valparaiso, Santiago, Buenos Aires, Lima, and La Paz, and met the missionary nurse in Cuzco. I saw memorable work done by Catholic Sisters in Santiago and in Lima.

South America is a Catholic continent, and an immense one. We cannot realize either its nature or its needs unless we can actually go up over the high Andes, and see the snow-capped ranges, the tropical valleys, and the products of the plains and mines. We must understand the pre-Inca times, the Inca stock, and the Spanish civilization that overlaid it; the Spanish religion; the traders, miners and engineers that are coming and going. Latin America is being reborn. Remarkable sanitary work is going on. Many hospitals, especially in Montevideo, are notable; child welfare is progressing, and in Latin countries, including Porto Rico, are to be found physicians of world-wide renown.

Coming back, I felt that the one thing to do was to study all these institutions, and the language. We cannot talk to people unless we know their language and their customs. We can go down to South America and learn things of mountain grandeur, of beauty, art, architecture, history, romance, manners, and the finer aspects of social life. It is a Catholic continent, but I think there is room for all those Protestant

missionary schools, and room for the work of those missionaries. Some of them possess a personality and spiritual power that would be impressive in any land. Let us not ask whether we are Catholic or Protestant, but let us of the north and of the south join hands, and weld our two continents together. United in bonds of friendship and understanding, we may truly make for international peace.

DR. FREYRE: May I say a few words as to the question of race mixture in Brazil? You were practically right in saying that race mixture is growing as a general process in Brazil. Even the intellectuals of Brazil have come to think that race mixture will be considered as one of the contributions of Brazil to international peace and cordiality. However, I might say that I belong to one of the four families. I think the proportion is somewhat larger, though. I think there are more than four. Those in Brazil who claim to be white are almost as far from the right proportion as those Americans who claim to have come over in the Mayflower.

MR. GONZALES: Mr. Chairman, will you allow me to say that I have known two Brazilian diplomatic officers, and I lived next door in Lima to the present ambassador from Brazil to the United States, and I think Brazil has one of the best organized diplomatic corps in the world. Unfortunately, there certainly is no comparison between Brazil and the United States in that respect.

MR. HOLMAN: In Brazil the mixture of races, that is, the general domestic life as one sees it casually, shows distinct evidences of having benefited by the seventy or eighty years of orderly, benevolent, imperial government. There is a cleanliness about Brazil, an orderliness of life. I was there during a celebration of four days of unrestrained merriment. During that time I saw not one drunken person, not one indecorous act, not one indecorous costume, and the streets were full of people. I went again and again over the city.

I did not mean to criticize Brazil in the matter of mixture of races. But it strikes an American, especially one whose traditions have been south of the Mason-Dixie line, perhaps differently from what it would a Frenchman, to see a black

man and a white girl sitting affectionately together in the park. It impressed me rather unpleasantly, but perhaps my family traditions had something to do with my reaction. I was assured that from their standpoint racial mixture was not greatly regretted, that it produced a very fine type, and furthermore that it was working out well.

CHAIRMAN HACKETT: The situation is very well expressed by the fact that Brazil boasts that it has had no race problem and will not have a race problem, that there is no discrimination in Brazil on account of race, color or previous condition of servitude.

BENJ. B. WALLACE:<sup>1</sup> In connection with the missionary question, I recall an incident which impressed me some years ago. I remember hearing a man speak at length of some Protestant missionary station in South America which received a considerable proportion of its support through the efforts of a Roman Catholic resident of the community, who solicited funds from Roman Catholics there, and while traveling in this country solicited funds from Roman Catholics here. He did it because he believed that the only way in which the Catholic Church in South America would progress and render more efficient service to the people was through having a little competition through being stirred up by these missionary activities. Of course, it is easy to understand that the Roman Catholic clergy have about as much love for Protestant missionaries as any industrial monopoly feels for a competitor entering the field; but that does not seem to me to be conclusive argument against the missionary activities.

MR. FREYRE: I should like to say one thing on that. Probably it should be considered not only from the standpoint of religion, of Protestant and Catholic, but from the national point of view, for the Catholic sentiment is so intimately connected with the national personality of each South American republic.

CHAIRMAN HACKETT: I think, too, that we should draw a distinction between policies in religion and clericalism.

<sup>1</sup> Institute of Economics, Washington, D. C.

MR. TOM WALLACE:<sup>1</sup> I think what this gentleman said is right to the point, that it would probably have the effect of stimulating the Catholics to greater activity, and result in the weeding out of some of the members of the Catholic clergy who are not above reproach.

MISS AMY JONES: I think it is rather difficult to judge missionaries as missionaries, or school teachers as school teachers. They are not to be considered as a class; they are individuals.

MR. HOLMAN: They have all got one instinct in common; they all want support. I spoke of the missionary question simply as related to the growth of good-will among these countries. I found, or thought I found, that the Catholic clergy were using the enmity between them and the missionaries to promote prejudice against the North American. I thought I discovered such a tendency; it appeared the missionary was in the way of development of the North and South Americans getting together, hindering social goodwill between these countries.

COMMANDER KOEHLER: Mr. Chairman, as we wander around we see a great deal of missionaries all over the world. So far as the Catholic Church is concerned, it is more prosperous and healthy in the United States than it is in any place else on earth, simply because in the United States it is kept healthy by fair competition. On the other hand, perhaps the most intensely Catholic country in the world is Colombia, and your point of clericalism is most remarkably well illustrated there where there is no competition.

It happens that I am a Catholic, but I think the most dangerous condition for Catholicism is when the Catholic Church has a monopoly. The religious idea then degenerates into clericalism and that, I think, may become a danger. I think that on the whole the Protestant missionary activities in South America are looked on as a valuable contribution; but at the same time I can quite agree that the missionaries are open to attack on the point of personality in some cases and inefficiency in others, and there are many indications that however inimical

<sup>1</sup> *Louisville Times*, Louisville, Ky.

the competition of Protestant missionaries may be to the Catholic clericalism, it is nevertheless helpful to the Catholic religion as distinct from clericalism.

MR. GOMEZ: Mr. Chairman, although I do not propose to invade the subject of the Church, I wish to point to this rather peculiar situation in Peru, which is certainly as strong as any Catholic country in the world in its faith. It objects to having its people go to any other church in Peru, but at the same time there is no antagonism on the part of the individuals in the Church against other sects.

A very singular instance of this is that Leguía appointed a young Protestant as president of the University of Cuzco, where he came into very intimate contact with the Catholics, and there has never been any protest made against him by the Church, and he is still president after having been there fifteen or sixteen years. Not only that, but he was elected by both parties, and the Council of the town had the wisdom to put him in charge of municipal finance. And he is from Pennsylvania. (Laughter)

MRS. LINDSAY: He is no longer in Cuzco. He was in Lima, at the head of the Peruvian educational system, when we were there.





## **PART VII**

### **INTERNATIONAL COOPERATION FOR THE PROMOTION OF PUBLIC HEALTH AND SOCIAL WELFARE**

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## THE PROMOTION OF PUBLIC HEALTH AND THE PROTECTION OF WOMEN AND CHILDREN<sup>1</sup>

SAMUEL MCCUNE LINDSAY

THIS is the only Round Table dealing with international social welfare problems and with international co-operation along the lines of the non-political activities of the League of Nations. It seems appropriate and desirable therefore not to construe too strictly the specific topic of the morning and not to confine our attention exclusively to the two aspects of social welfare—the promotion of public health and the protection of women and children—enumerated in that topic. We shall find material for profitable discussion in the broadest possible survey of the social and humanitarian work of the League of Nations and of its non-political activities. These constitute, for the present at least, what seems to me to be the most significant effort at international cooperation in all history and the most promising basis for meeting the increasing needs of the world for more cooperative and less competitive action.

The non-political and humanitarian activities of the League, which in the Year Book of the League are summarized under the title, Cooperation of States under the Covenant, comprise seven distinct forms of organized effort: 1. The Health Organization. 2. Economic and Financial Organization. 3. Organization for Communications and Transit. 4. Committee on Intellectual Cooperation. 5. Advisory Committee on Traffic in Women and Protection of Children. 6. Advisory Committee on Traffic in Opium and Other Dangerous Drugs. 7. Mitigation of Suffering—International Relief Union—for relief in disaster.

In the International Labour Organization comprising a General Labour Conference meeting annually, and a Permanent International Labour Office, we have a semi-independent world organization as extensive as the League itself or more so because it may have member states not members of the League.

<sup>1</sup> Opening Remarks at Round Table No. 3, May 11, 1926.

Created under both the Covenant of the League and Part XIII of the Treaty of Versailles, it deals with many of these non-political and humanitarian functions just enumerated and with practically all others not covered in that enumeration. Its work is carefully coordinated through liaison officers with that of the League.

We shall hear at the general session this evening something of the Organization and Significance of the International Labour Office,<sup>1</sup> and of the Health Organization,<sup>2</sup> and of the Organization for Communications and Transit,<sup>3</sup> and also concerning protection of children.<sup>4</sup> We shall hear, in the less formal brief papers presented at this Round Table, more concerning the scope, plans and work-program of the Health Organization from Dr. F. G. Boudreau who is the American member of the Health Organization. We shall hear to-day from Col. Wm. F. Snow, M. D., Chairman of the Special Body of Experts, appointed by the Council of the League of Nations to study the Traffic in Women and Children, something of the details of many kinds of social work carried on under the Advisory Committee on Traffic in Women and Protection of Children. Dr. Julia C. Lathrop, who has just returned from attendance for the first time at a session in Geneva of the new Advisory Child Welfare Committee which functions, I believe, in connection with the general Advisory Committee on Traffic in Women and Protection of Children, and with Dr. Snow's Special Body of Experts, will supplement Dr. Snow's address and what Dame Furse will have to say on Child Welfare and International Child Problems. We are fortunate also in having with us the Secretary of the Opium Research Committee of the Foreign Policy Association, Mrs. Helen Howell Moorhead who has attended all of the recent International Opium Conferences at Geneva and can tell us of the significance and character of the work of the Advisory Committee on Traffic in Opium and other Dangerous Drugs

<sup>1</sup> Paper by Dr. William Martin, p. 399.

<sup>2</sup> Paper by Dr. F. G. Boudreau, p. 379.

<sup>3</sup> Paper by Walker D. Hines, p. 445.

<sup>4</sup> International Child Problems by Dame Katharine Furse, summarized in Discussion, below, p. 425.

appointed by the Council of the League. The committee held its seventh session at Geneva in August 1925.

Thus we have for consideration at this Round Table a complex and almost bewildering mass of data bearing on the social questions which come within the purview and functions of the League of Nations and are now being attacked with new force and gratifying success through organized international cooperation. Time would not permit if indeed I were competent to summarize and chart all of these various activities which mean so much to the advance of humanitarian progress throughout the world.

While doubtless many of these questions may seem for the time being to have a greater interest for the peoples of Europe than they have for those in the United States of America, and while some of them, like the opium question, may seem to us to be surcharged with foreign politics, I cannot help feeling that they constitute on the whole just the sort of questions for the solution of which the American people have a special genius. In the vast social experiments in the realm of Public Health, Child Welfare, and Public Morals in America, we have much to learn from and much to contribute to similar experiments abroad. In any event here lies a sphere of international cooperation for us to which little or no objection can be made by the extreme isolationists and those who fear most the dangers of becoming politically involved in the policies of Europe. Here the door is open for us to play an important part even without considering whether we shall ultimately or ever become a member state of the League of Nations.

*Conferences* for the development of the highest practical and attainable standards, *documentation* for the spread of knowledge of problems and their historical setting, *research* for the ascertainment of exact facts, are the three-fold form which all of these international cooperative activities and organizations take. On the documentation side alone there are many illustrations of the value of closer acquaintance with what is going on at Geneva and elsewhere under these cooperative agencies. Recently quite by accident, though I make it part of my professional work to follow such matters, I came across the International Health Year Book—1924, a volume of 500 pages published by the Health Organization of

the League of Nations (Geneva, 1925) containing the reports of the Public Health progress of twenty-two countries. It includes a monograph of 45 pages on the United States which gives a better summary of the public health work of our federal government and that of our states and leading cities than will be found, I venture to say, in any other single source in this country. I wonder how many of our Health Officials, Schools of Medicine, Hygiene and Public Health, libraries and students specializing in this field, know of the existence of this book and the other publications of the Health Organization? The same thing is true of reports and publications on Industrial Management and labor problems issued by the International Labour Office, and is doubtless true also of all the divisions of the social section of the Secretariat of the League. New tools have been fashioned, new methods as well as a new spirit are at work in the world for dealing with ancient social problems and for the solution of the new problems which the progress of modern science reveals. We shall do well to study them, to know more about them, and to do our part in relating them to our own tasks of social organization and reconstruction, and possibly thereby we may find ways to contribute to their further development for the good of mankind.



## INTERNATIONAL HEALTH WORK

DR. FRANK G. BOUDREAU, M. D., C. M.

American Member, Health Section, League of Nations, Geneva

THE conservation of the public health is a development of comparatively recent times. Many of us can easily recall a period when preventable diseases raging in our cities were taken as a matter of course. I need only remind an American audience of the epidemics of typhoid fever which were so common fifteen years ago that in many of our cities visitors were expected to acquire the disease, and the fact that most of the residents appeared to be immune was not considered in the light of the survival of the fittest but was made the subject of congratulation. The public conscience was activated by just a few, then a growing number of public-spirited citizens, until now, thanks to the splendid cooperation of the press, health departments are growing in size and efficiency and every child knows more of hygiene and sanitation than all his ancestors put together. This development of public health conservation was not a national movement but of international scope. It grew almost simultaneously in all civilized countries of the world. It was inevitable that the next step should be the development of international cooperation in the field of public health.

Various causes contributed to the growth of international effort in disease prevention. The characteristics of disease itself furnished a powerful stimulus. Political boundaries were not respected by disease. A case of smallpox in Canada gave rise to a virulent epidemic in Minnesota and Michigan. Typhus fever and leprosy entered the United States from Mexico. Trachoma was introduced into our large cities from Europe. And in this process of give-and-take, the rôle of recipient was not the only rôle played by the United States. The increase in volume and rapidity of transportation played an important part. Many of the public health laws in the United States owe their origin to cholera which threatened to enter our country from Europe a number of years ago. In the

nineties, an epidemic of plague probably arising in Manchuria spread to an extent unprecedented in the history of the world, exceeding in volume the Black Death of London which was supposed to have been finally conquered by the Great Fire. We are still attempting to stamp out the sparks which fell here and yonder as a result of that epidemic, and I fear it will be years before our efforts will be crowned with complete success.

In the days of slow sailing ships and few passengers, cholera was not likely to come from India to America, nor plague from Singapore to European ports, nor yellow fever from the tropics to our southern cities. But with the adoption of faster methods of travel and cheaper rates and greatly increased volume of traffic, epidemic diseases began to spread rapidly from one country to another. Many and disastrous were the lessons we had to learn before we realized that disease was an international problem requiring international cooperation in its prevention and that a country which attempted to isolate herself was not able by her unaided efforts to cope successfully with disease. Recent outbreaks of plague in Los Angeles, New Orleans and Galveston serve to remind us that in so far as disease is concerned, the isolation of America is not an isolation of immunity.

Before the outbreak of the World War, the need for international cooperation in the prevention of disease had been realized. A number of international scientific congresses met at intervals, and governments of a number of countries had reached agreements in regard to the application of certain preventative measures. International sanitary conventions had been negotiated with great difficulty, it is true, but with success because of the pressure of circumstances. International collaboration was essential and the effort required, however great, had to be made. Usually the government of one country took the initiative and after months or years of persistence and the expenditure of large sums, international conferences were held and conventions drafted and negotiated. Now that an intergovernmental organization has been established, public health administrations of the different countries meet regularly and as a matter of course, and international cooperation in the prevention of disease is made easy instead of difficult.

Before the League came into being, an international body

had been created to assist the public health services of the different countries to cooperate. This was the *Office International d'hygiène publique*, organized during the Rome Conference of 1908 and having its permanent seat in Paris. It began with a small membership which has grown to forty-three states, and the permanent committee consists of representatives of those states who meet twice a year and discuss health matters of international interest. For some time this body has been engaged in revising the Paris International Sanitary Convention of 1912, which prescribed the measures to be applied by the different governments in order to prevent the import and export of diseases. This was the situation before the war.

As in other fields, the war created new and important problems of disease prevention, which the various countries were enabled to solve by their unaided efforts. Those who framed the Covenant were aware of those fresh problems and new difficulties. They wisely saw that public health work occupied an important place in the international field. So one paragraph of the Covenant bound the signatory states to take measures in matters of international concern for the prevention and control of diseases. Of the many difficult problems which faced the newly established League, I am sure that none was more difficult than this problem of disease. The war had destroyed or disorganized the machinery of prevention in many countries. New countries with new frontiers had been established. The movements of refugees and troops, carrying with them the seeds of epidemics, sowed a crop of pestilence in many hitherto immune countries. The harvest was not long in coming, and soon Europe found itself overrun with epidemics of typhus and relapsing fever, cholera and smallpox, which not only ravaged Eastern Europe but threatened also to overwhelm the West.

Immediate action was forced upon the League. There was no time to set up elaborate machinery. The defenses of the new countries must be strengthened immediately if Europe was to be saved from the ravages of disease. So an Epidemic Commission was organized, consisting of a few experienced public health officers. States members of the League were asked for contributions and many responded generously. At the suggestion of the League, the Government of Poland called

the now historic Conference of Warsaw to attempt to secure united action by the various public health administrations against a common enemy. So in Warsaw in 1922 there met together, for the first time after peace was declared, representatives of the countries which a short time before had been at war. Whatever of rancor and suspicion existed melted away before the need for common action. New principles of international cooperation were established; new freedom of communication between national public health services became the order of the day. A number of bilateral sanitary conventions were negotiated, many containing a clause providing for recourse to the Health Organization of the League in case of differences arising in regard to interpretation or application. This first international conference of countries formerly at war was held under the auspices of the Health Organization of the League. It could not have been held otherwise, and this favorable beginning was an augury of the continued progress of the new instrument for the promotion of international cooperation in disease prevention.

The work of the Epidemic Commission and of the Warsaw Conference consolidated the efforts of the various public health administrations, dissipated many of the difficulties facing each administration, smoothed the path of the refugees and cleared away the poisonous cloud of suspicion which hindered collaboration. Let me give you a concrete example. It had been the custom, when one health administration wished to secure information in regard to the prevalence of disease in another country, to appeal to the consular services. This meant that all the formalities necessary to diplomatic procedure must be obeyed, and very often before the information was available the epidemic had penetrated beyond the frontiers. The new Health Organization of the League emphasized the necessity of direct communication between health administrations, and sent its own agents into Russia and other countries to secure and publish first-hand information in regard to the prevalence of diseases.

Finally, before dismissing the work of the Epidemic Commission, I must briefly touch on its work in Greece, which was ravaged by epidemics of smallpox, cholera and typhoid fever on account of the inpouring of refugees from Asia Minor in

1922. On being appealed to by the Greek Government, the Epidemic Commission organized columns of physicians, nurses and students who vaccinated more than 550,000 refugees against the three prevalent diseases. The Epidemic Commission has become absorbed by the present Health Organization of the League which I shall now briefly describe.

When the Assembly and Council of the League began to consider the establishment of an international Health Organization, in order to give effect to Article 23, paragraph (F) of the Covenant, it was natural to turn to the *Office International d'hygiène publique* which, as I have already shown, was established in 1909 and consisted of a Permanent Committee of representatives of some forty-three states which met twice a year at Paris. The United States of America was a member of the *Office* and when the plan of bringing the *Office* into the League was broached, with, of course, greatly enlarged powers and functions, the opposition of the United States prevented its realization. It was finally decided to give the Health Organization an Assembly or Advisory Body, a technical committee and a secretariat. The Assembly or Advisory Body consists of the Permanent Committee of the Office which studies the reports of the Health Committee of the League with a view to giving advisory opinions. The Health Committee of the League consists of twenty members, ten of them selected by the *Office* and ten by the Council of the League. The members of the Health Committee do not represent the countries from which they come but sit as public health experts. Two Americans and one German sit on this committee; Surgeon-General Cumming of the United States Public Health Service and Dr. Alice Hamilton, Professor of Industrial Hygiene in Harvard University, are the Americans. Professor Nocht, Director of the Institute of Tropical Diseases of Hamburg, is the German member. The function of the Health Committee is to advise the Assembly and the Council in regard to international health problems and to direct the technical work of the Health Section. The Health Section is an integral part of the Secretariat of the League, under the administrative control of the Secretary-General and in charge of a medical director.

The rapid development of the health work of the League has been due in large part to the generosity of the International



Health Board of the Rockefeller Foundation, which has contributed substantial sums to specific activities which I shall describe later. To review the part played by America in the health work of the League, an American representative sits on the advisory body, two Americans are members of the Health Committee, and the Health Section has had one or more American members from the beginning. Many of the subcommittees of the Health Committee number among their expert and corresponding members prominent American public health officers whose nationality does not apparently prevent them from cooperating in the work of the Health Organization of the League.

Time does not permit me to describe fully the work of the Health Organization. I shall confine myself to a description of such of the services as may serve to illustrate the general principles of international public health work.

In a crude way a public health administration may be compared to a fire department. The first work of a fire department is to set up an elaborate system of alarm, so that it may have instant and accurate information in regard to the outbreak of fires. So the first duty of a health department is to organize a system of intelligence whereby the information possessed by the doctors who treat diseases may be collected. Nearly all countries have such a system. Before the Health Organization of the League existed there was no interchange of such information between countries. And yet it was just as important for France to know what diseases prevailed in Spain, Switzerland, Germany and England as to have reports on the prevalence of disease within her own boundaries. It is true that certain countries, notably Great Britain, Germany and the United States published a certain amount of information of this nature, derived largely through consular channels and therefore neither immediate nor complete. For governments apparently hesitated to interchange such information, and that for various reasons. In the first place, however well disposed the public health administrations might be, there might be objections on the part of commercial interests which feared interruption to business and hindrance to the free flow of tourist traffic. In the second place every health officer has an apparently well founded conviction that epidemics al-



ways come from some other country, state, city or political subdivision. This theory is of course substantiated by history. Why do we call influenza the Spanish flu? Why was syphilis known as the Spanish disease, the French disease, and the English disease as it made its way northwards in the Middle Ages? These suspicions are of course well founded, for epidemics do sweep from one country to another, now eastward, now westward, curiously enough paying little or no attention to political boundaries.

However well founded these suspicions, they did not favor the interchange of reports between countries and the first task of the new Health Organization of the League was to collect and distribute information in regard to the prevalence of disease in all countries, so that every public health administration might adapt its measures to the actual conditions. Curiously enough, the causes which prevented a free interchange of such information between countries did not operate in the case of the Health Organization of the League. Practically every country which possesses such information, including America, the Union of Socialist Soviet Republics and Mexico, now transmits it freely and fully to Geneva where we summarize it and transmit it to governments by mail, by cable and by radio. Nearly 70% of the world's population is represented in these disease returns, and the area is being extended each month, so that now the public health officer in London or Paris or Washington may study the movement of disease not only in his own country but over all the world and shape his plans accordingly.

Shortly after its establishment the Health Organization of the League turned its attention to the Far East, the great reservoir of plague, cholera and perhaps smallpox. Sick rats from India may be carried with a cargo of grain to any importing country. The result may be first an epidemic of rat plague, second an outbreak of human plague. Ports of different countries are distant only one or two days' sail, and immediate notice of plague and cholera is needed if precautions are to be timely and effective. So the administrations of the Far East were approached as to the need for a bureau of the Health Organization in that area, to receive and broadcast by cable and wireless notice of plague and cholera in ports and

the hinterland. The different administrations agreed that such a bureau would be a useful addition to their public health defenses, the International Health Board granted a generous subvention, and on March 1, 1925, reports from a few ports were wirelessed and cabled. The bureau was set up in Singapore. Its work developed rapidly, so that now telegraphic information in regard to plague, cholera, smallpox and the movement of ships from infected ports is received from over thirty-six ports in an area including the East Coast of Africa and extending to nearly all the ports of Australasia and Asia, and the summarized information is broadcast by the powerful wireless stations of Saigon, Bandveng and Bombay, and special cables are sent to all administrations which make the request. Moreover the Far Eastern public health services appreciate so highly the value of these services that they have volunteered to contribute to the upkeep of the bureau, and substantial sums have been given or promised by Japan, China, the Federated Malay States, the Straits Settlements and many others.

In view of the rapidity and volume of present-day transportation facilities, the collection and transmission of this epidemiological intelligence is a protection for the West as well as for the Far East, and is so recognized by all competent public health officers.

Vital statistics have been called the bookkeeping of humanity. One of their uses is to furnish a basis for the prevention of such epidemic diseases as plague and cholera as I have already indicated. But they have other uses. The success or failure of public health measures is gauged by their effect on the morbidity and mortality rates. So it is natural that the disease and death rates of different countries should be compared in order to measure the relative value of different forms of public health effort. But there are many pitfalls in the way of such international comparison. The methods of collecting the reports and of establishing the difference so that an apparently low infant mortality rate in one country may in reality not be lower than an apparently high rate in another country. On the other hand the possibility of such international comparison is highly to be desired. In order to bring the different public health administrations into closer touch with one another, and to throw light on the value of national

public health statistics as well as to enable such data to be compared, the Health Organization of the League has undertaken a program of work which includes the setting up of international committees of experts to study certain questions, the publication of reports on the methods of public health service, and a whole series of special studies and investigations, which time forbids me to mention. One or two examples will suffice. Infant mortality rates in the different countries are not comparable. This prevents the just appraisal of national measures designed to prevent infant deaths. The committee charged with the task of solving this problem adopted a report which was approved by the Health Committee and the Council, and circulated to all Governments. Some governments have adopted the procedure recommended in the report. Others are engaged in the task of preparing the necessary legislation. So the first step leading to the desired end of international comparability has been achieved.

In 1925, the first volume of an International Health Year Book was published by the Health Organization. This contained reports on the progress of public health, including legislation, prevalence of disease, organization of the health services and much allied information, for 22 countries including the United States of America. A volume will be published each year so that in the future there will be a series of reports on public health work in many countries, and each public health administration will have available for easy reference complete information about the progress of public health among its neighbors. Disease varies in different countries. Scarlet fever is a serious problem in Eastern Europe, a minor disease in Western Europe, an almost unknown disease in certain tropical countries. An investigation of this problem is being carried on for the Health Organization in Germany, and much interesting information has already been accumulated in regard to the influence of race and the presence or absence of immunity. This is a subject which may only be studied on an international scale. The study promises to be of practical value in prevention. The work of the Health Organization of the League in this field may be described as an attempt to bring to bear upon the problem of disease prevention the resources and experience of many countries. The

results within the comparatively short period of its existence have already been fruitful.

For practical purposes the Health Committee has subdivided its work and appointed commissions to study each general problem. Each commission consists of several members of the Health Committee and a number of coopted experts and corresponding members. The Malaria Commission has studied the problems of malaria in a number of countries, and as a result has accumulated experience and information which could not be secured in any one country. A number of governments have asked it for advice in organizing a campaign, as in Yugoslavia, Albania, Persia and Corsica. Malaria was one of the diseases which spread rapidly as a result of the war and its consequences. The tropical form of malaria is the most deadly, and persons who may be immune to the ordinary forms succumb readily to the tropical or malignant form. In Russia the movements of population caused by the war and famine have caused a marked extension of the tropical form and the same is true to a lesser extent of other countries. The increasing prevalence of malaria required a larger personnel. The malaria commission has secured the collaboration of the Institutes of London, Paris and Hamburg to remedy this deficiency. Courses in malaria control for public health officers will be given in June at these institutes. A period of several months in the field under competent supervision will follow the courses at the institute. The International Health Board and the Health Organization have given a number of scholarships to enable governments to send health officers to these courses.

The Malaria Commission is also carrying on experiments in a number of countries with the hope of finding drugs which will take the place of quinine in the treatment and prevention of malaria. The available supply of this precious drug is limited. The experiments carried on so far appear to show that there are other alkaloids in anchovia bark which may give good results, and perhaps the total alkaloids may be substituted for quinine itself. This would greatly increase the available supply of this prophylactic and curative agent. Whenever the work of the malaria commission is mentioned, the name of the late Dr. Samuel G. Darling is remembered.

Dr. Darling was an American, a member of the Malaria Commission and on the staff of the International Health Board. While studying malaria control in Syria with the Malaria Commission, he lost his life in an automobile accident in which two other members of the party also perished, Dr. Norman Lothian, a member of the Health section and Mlle. Besson of the Secretariat. In memory of the outstanding work of these two men the Health Committee has established a Darling prize and a Lothian scholarship, the first to be awarded for research in malaria control. Voluntary contributions are being received for the Darling prize, and I am sure many of his fellow countrymen will desire to contribute to a fund to perpetuate his memory and to honor his achievements in the prevention of human suffering. Several members of the Malaria Commission plan to visit the southern states this year to study the American methods of malaria control which have been so effective in some districts. The Malaria Commission has a very heavy program of work but my time is too limited to permit me to give any further particulars.

The Permanent Standards Commission is engaged in the international coordination of research work. The work of this commission has been largely confined to serological and biological remedies. The units employed as standards of measurement differ in the different countries. As an example 5,000 units of anti-tetanus serum in America may not be at all equivalent to 5,000 units of the same serum produced in France. And yet uniformity is quite desirable in this field, for it is important that the physicians and public health officers of one country should be able to understand the medical literature of another. Furthermore, these remedies are imported and exported, and it is essential that each physician who uses such remedies should possess an exact knowledge of their therapeutic value. Again, international standards if properly applied by national health administrations protect the sick from preparations of improper strength and in some cases, from fraudulent products. To secure international uniformity, the Health Organization of the League calls together the specialists engaged in this work in the various countries. A program of work is laid out, certain specific problems being assigned to each specialist. For instance, an American may



be asked to study in his laboratory the various methods of examining or testing digitalis with a view to determining the most suitable method for international use. In the course of a few months another conference is called, the specialists report on the work they have done and standards are adopted. This is an extremely complicated subject, and yet agreements have been easily reached. At a conference held last year final decisions were reached in regard to the methods of testing digitalis, ergot, pituitary extract, thyroid gland, insulin and a number of less well known preparations. At previous conferences standards had been adopted for diphtheria anti-toxin and anti-dysentery serum. The commission is now engaged in studying smallpox vaccine, tuberculin, and auto-anthrax serum, with a view to securing international uniformity in methods of testing. It has not been difficult for the Health Organization of the League to secure the active collaboration of the specialists in the more important countries, and I think this could have been accomplished only by an international, intergovernmental organization such as the League. The Cancer Commission is attempting to discover the reason for the differences in the rates of cancer mortality in various countries. The question was raised by the British member of the Health Committee. He had been struck by the fact that the death rates for certain forms of cancer in the British Isles were much higher than those in Holland, which were in turn much greater than those in Italy. The work of the Commission showed that the differences were real and not due to statistical errors. Moreover it was shown that when women from England and Wales settled in America, these differences persisted. It was further shown that the variations were not due to differences in treatment. The anthropologists have been called in to explain whether these national differences are racial in character, and the Malaria Commission will receive a report on this subject at their meeting in Paris during this month. This study has aroused a considerable amount of interest in other countries. An officer of the United States Public Health Service has been assigned to the study of this subject. Studies along the same lines are being pursued in Czechoslovakia and Switzerland in addition to Great Britain, Holland and Italy. It is impossible at this time to predict



the result, but one can say at least that interest in this important subject has been stimulated, and that the collaboration of a number of public health administrations in the study of a common subject is of value in itself.

The Tuberculosis Commission was set up in response to the request of the Government of the Kingdom of the Serbs, Croats and Slovenes which asked for the advice of the Health Organization of the League in setting up a tuberculosis program. The request was based upon the fact that the Health Organization, as part of an association of governments, was in a position to secure advice from the most expert health officers of all countries. Much interesting data have been accumulated; an important monograph on the causes of the tuberculosis decline has been published, and studies are being carried on in the Scandinavian countries and in France.

The Commission of the Far East is studying the means of preventing sleeping sickness in Africa. This is not the form of sleeping sickness known in this country, but a disease transmitted by the tse-tse fly and deadly to man and beast. The countries which have colonies in Africa have contributed to a common fund placed at the disposal of the Health Organization, and the most expert physicians of these countries are engaged in a study of the problem at Entebbe. They are trying to find out why some natives are immune, whether the wild beasts act as reservoirs of the virus and the value of a sanitary passport for individuals passing from one country to another. Instead of working separately, perhaps duplicating effort and without the advantage of a knowledge of what the others are doing or have succeeded in proving, they are working together on a joint program, and they may call upon the experts in all the countries in the League for advice and counsel.

The Commission on Public Health Instruction is studying the methods employed in the various countries to spread public health education and in particular the health instruction of physicians and health officers. A summary of the methods of instruction employed in various countries is to be prepared by Sir George Newman, Chief Medical Officer of the British Ministry of Health. There is also an Opium Commission which cooperates with the Social Section of the League in the

Opium Enquiry. The task of the Opium Commission was to ascertain the maximum legitimate requirements for opium and cocaine. They decided that the only legitimate uses for opium and cocaine were medical and scientific. They further laid down the maximum requirements per capita per year in countries with well developed medical services. These requirements are very small compared to the actual amounts available, —450 mg. in the case of opium and 3 mg. of cocaine.

The Assembly of the League has repeatedly given its approval to that part of the program of the Health Committee which seeks to bring the public health administrations of different countries into closer touch with each other. This is achieved by means of interchanges or collective study tours. A recent example will serve for illustration. Health officers from Montreal, San Francisco, Rio de Janeiro, Budapest, Vienna, Bucarest, Dieppe, Lodz, Belgrade, Italy, Japan, etc., 15 in number, are brought to London to study the methods of public health administration. The study lasts for five weeks, a very carefully prepared program being followed. Each activity studied is made the subject of an exchange of opinions. The points of view of health officers from 15 countries are brought to bear on each problem. On the one hand *esprit de corps* is developed, acquaintances are formed and lasting friendship cemented. On the other hand the technical information acquired is extremely valuable. The best methods of applying public health measures are brought to light, and each health officer brings about reforms and improvements in his administration on his return home. These interchanges have been held in many countries including America. Nearly 400 health officers from more than 40 countries have participated. Many of them belong to an international association formed by the health officers themselves. Those who have taken part in these interchanges are valuable links with the Health Organization of the League. At the present time collective interchanges are going on in West Africa and Denmark, the first for colonial medical officers in Africa, the second for health officers whose chief preoccupation is rural hygiene.

In addition to the work I have mentioned, the Health Organization is carrying on a whole series of special studies and

investigations, into the sources of cholera in Siberia and India, into scarlet fever, measles and smallpox, into the disinfection of hides and leather infected with anthrax, into the sources of epidemic meningitis and a number of other important subjects. With the small staff at its disposal the Health Organization could not hope to accomplish a fraction of this work without the collaboration of the various public health administrations, and it must be remembered that the chief work of our organization is to bring about this collaboration, to act as an intergovernmental agency, and not in any sense to carry on work which is in the province of any public health administration. Slowly but surely the Health Organization is gaining the confidence of the public health administrations so that the use of its peculiar resources and facilities is being requested. Last year eight governments at the Sixth Assembly proposed new work for the Health Organization. In previous years Albania, Persia, Corsica (the French Government) Yugoslavia, The Netherlands and Greece had appealed to the Health Organization for assistance in the solution of particular problems in previous years.

The Health Organization of the League is a small but growing force in the field of international public health. It is an instrument which will be useful in proportion to the cooperation it is able to bring about between public health administrations. It is a logical consequence of the need for united action against a common enemy, disease. In this shrinking world interwoven with traffic routes, and populated with human ants who swarm hither and yon, the only hope for the avoidance of more disastrous epidemics than have yet afflicted mankind, lies in an association of governments bound together for a common purpose.

## PRACTICAL ASPECTS OF INTERNATIONAL HEALTH PROBLEMS

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THE time at my disposal is too short to permit me to describe the organization and functions of the Health Section of the League of Nations. I propose to outline briefly the activities of our organization as they are being pursued at this period, in order to furnish a basis for discussion and questions.

If we were able to visit all of the public health services of the countries of the world we would find their statistical departments engaged in collecting and tabulating reports of epidemic diseases which would presently be transmitted to Geneva, for the Health Organization of the League now receives from the different governments practically all the information available concerning this important subject. At Geneva a number of clerks and a few statisticians prepare this material for the printer and distribute the reports at weekly and monthly intervals to all interested persons. This means that for the first time in the history of the world one may secure an idea of the international movement of epidemic disease, and that the first requisite of prevention is provision for national public health services of a knowledge of when, where and to what extent epidemic diseases are prevailing.

A visit to the bureau of the Health Organization at Singapore would enable us to learn that the public health administrations in the Far East are sending to the bureau telegrams in regard to plague, cholera and smallpox in all the important ports in that area. A ship sailing from a port in China may reach Japan within a comparatively few hours. So rapid has the notification of infectious diseases become that before that ship docks at a Japanese port, the health authorities of that port may have heard that cholera prevails in the Chinese port from which she sailed. The information received at Singapore is broadcast by cable and radio. It is picked up

by public health administrations and by ships at sea. As the East is the most important source of plague and cholera, the Singapore bureau may by the reception and transmission of reports protect not only the countries of that area, but also all countries to which come ships from the Far East. So the Health Organization of the League acts as a receiving and distributing agency of reports of epidemic diseases, and thus performs a service which would be impossible to any government.

In West Africa, a group of sixteen health officers from the West African Colonies are studying together the colonial public health services and institutions of that area under the guidance of a member of the Health Section of the League. The French Government has asked the League to set up in West Africa a bureau which would do for Africa what the Singapore bureau is doing for the Far East. These sixteen or seventeen health officers will discuss the need for such a bureau when they hold the final conference at Freetown, after a thorough study of the public health services in the different colonies. Whatever the final outcome of their deliberations may be, the few weeks of study together will certainly promote a better understanding and closer cooperation, so that the Health Organization of the League will have succeeded in one of its objects, that of bringing public health officers of different countries into closer touch with each other.

In Africa a few experts are also studying the problem of sleeping sickness, a very fatal and prevalent disease transmitted by the tse-tse fly. These experts are from England, France, Holland, and Germany, and they are studying the problem together instead of separately, and are proceeding along lines laid down by specialists from a number of countries. The governments having colonies in Africa are contributing the major part of the budget of this commission, which is working under the auspices of the Health Organization of the League. Their program of study includes the questions of human immunity, the value of medicinal agents, and the part played by wild animals in the propagation of the disease. The research work thus undertaken on an international scale should increase our knowledge of the origins and prevention of sleeping sickness which causes such ravages in Africa.



Three schools of tropical medicine are giving special courses in malaria control in order to train public health officers of countries where this disease is a problem. The movement of populations due to the war and famine caused a marked extension of malaria in the countries of Eastern Europe, and health officers trained in malaria control are too few to carry on this work. The Health Organization of the League has therefore arranged for theoretical and practical courses on this subject. The directors of the Institutes of Tropical Medicine in London, Paris and Hamburg have agreed to give courses in June. At least a dozen health officers from different countries where malaria prevails will attend. After the theoretical courses, the students will apply the lessons they have learned under the direction of expert malariologists in a number of countries. Each of these health officers should, on completing the courses, be in a position to direct an effective campaign against malaria in his own country.

Fifteen health officers from as many different countries are studying rural hygiene together in Denmark at the present time. As the interchange has just begun, I shall not attempt to describe it but shall refer instead to the interchange of health officers in England which ended just a few days ago. This interchange included 15 municipal health officers from Montreal, San Francisco, Rio de Janeiro, Dieppe, Budapest, Vienna, Bucharest, Belgrade, Poland, Japan, Italy, etc. They studied the public health services of London and the so-called Home Counties for a period of five weeks, being divided into small groups for that purpose. Each subject studied was made the occasion for an exchange of news, so that the participants not only learned what was the practice in London, but also in the other cities represented. A final conference was held in Geneva, and each health officer read a paper on some subject he had studied during the interchange. No one who has not seen such a group at the beginning and end of the tour, can appreciate the valuable results achieved. *Esprit de corps* is promoted, lasting friendships are cemented, and a better understanding is developed. The technical advantages I will leave to your imagination—in themselves they would justify every cent of this expense. Nearly four hundred health officers from over 40 countries have participated in the inter-



changes promoted by the Health Organization of the League of Nations, and many of them belong to an international association of medical officers of health organized by the participants themselves.

Laboratory workers in various parts of the world are studying certain problems for the Health Organization of the League. These problems concern sera used in the treatment and prevention of disease, and biological remedies such as insulin. Standards for these products differ in the different countries, so that the unit in one country may have a very different value from the unit employed in another. It is, of course, essential for the physicians of one country to understand the reports of physicians in other countries, so that any advance may be utilized for the benefit of all the people of the world. Furthermore, these products are imported and used in different countries. Specialists from many countries including the United States are studying certain of these products for the Health Organization in their own laboratories. Presently they will meet in Geneva to report on their work and to agree on standards. A committee of this kind met at Geneva last year. They agreed on international standards for insulin, digitalis, thyroid extract, pituitary extract and a number of other products. Agreement had already been reached in previous years on diphtheria antitoxins and antidyentery serum, and work is proceeding on anti-anthrax serum, tuberculin and smallpox vaccine. The last conference included specialists from America (three) and Germany; health officers from the Union of Socialist Soviet Republics also participate in the work of the Health Organization and cooperate very fully in certain fields.

I have been able to touch on only a few of the outstanding activities of the Health Organization of the League. If I had more time I might tell you of the studies being carried on in various countries of the reasons for international differences in the rates of cancer mortality; the countries especially concerned are England and Wales, Holland, Italy, the United States and Switzerland, but many other countries are now showing an active interest in this subject. I might also speak of the tuberculosis study, which seeks to determine the causes for the large decrease in tuberculosis mortality in recent years.

The study of public health instruction has also been taken up by the Health Organization, and I might tell you of the work being done along this line in a number of countries. At the present moment an International Conference is sitting in Paris to revise the International Sanitary Convention of 1912, which has to do with the international preventions of certain epidemic diseases and the sanitary measures applied to ships. The Health Organization of the League is represented at that Conference and had much to do with the preparatory work. During the last Assembly eight governments proposed that the Health Organization of the League should undertake new work in order to apply its facilities to the solution of such subjects as food, child welfare, hospital statistics and health insurance. A number of governments have set up liaison bureaux to cooperate with the Health Organization and to apply in their own countries the results of its work. I might describe the purpose, number and value of the publications of the Health Organizations. I hope I have succeeded in showing you that the Health Organization is assisting in the promotion of international arrangements by its work, and that the organizing of international relations is proceeding in a logical and speedy way. By free discussion and exchange of views the public health administrations of the different countries of the world are learning to collaborate in the fight against disease, and to present a united front against a common enemy.

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## THE INTERNATIONAL LABOUR ORGANISATION

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### I. GENERAL CHARACTERISTICS

OF all the non-political organs of the League of Nations, the International Labour Office is altogether the most catholic in its aims, the most independent and the most important.

It is the most general. The object of the League of Nations is to ensure world peace. There are two kinds of warfare: warfare between states and warfare between social classes. The object of the International Labour Organisation is to bring about peace between the different classes. It is concerned alike with social and economic life.

It is the most independent. Although the Treaty of Peace laid down that the International Labour Office should form part of the organization of the League of Nations, the relations between the two are mainly formal in character. The budget of the International Labour Organisation is incorporated in that of the League and is passed by the Assembly. Ratifications of conventions are registered by the Secretariat of the League. The Director of the International Labour Office, however, is not responsible to the Secretary-General or even to the Council of the League, nor is the International Labour Organisation subordinate to the League, but is rather coordinated with it. Its existence is based, not upon decisions of the Council or Assembly, but on the Treaty of Peace itself. The member states are represented directly at the Conference, so that the Assembly is in no way superior to it.

Lastly, the International Labour Office is the most important of the technical organs of the League. It employs almost as many officials as the whole Secretariat. Its budget amounts to about one third of the total budget: 1,400,000 dollars, out of 4,500,000 dollars. Its Conference, which includes a larger number of delegates than the Assembly of the League, meets, like the latter, every year. The Governing Body, like the

Council of the League, holds four annual sessions. Thus, although there can be no question of comparing the activities of the two organizations, there are no grounds for declaring that one is more important than the other.

## II. ORIGINS

The International Labour Organisation is the outcome not of pure theory, but of the slow evolution of European requirements. Economic and social conditions in Europe are very different from those in the United States. This difference must be borne in mind if the real nature of, and necessity for the International Labour Organisation are to be rightly understood.

American industry developed during the nineteenth century in a country in which labor was scarce, and hence dear, but in which raw materials were plentiful and there was ample outlet. The result was that American workers were able to obtain relatively high wages, which ensured a high standard of living, and made it easy for them to unite in the defense of their interests. They have thus never felt the need of state intervention on their behalf.

The evolution of European industry followed quite different lines. Labor has always been plentiful and cheap. Economic conditions, however, were unfavorable, as the majority of the European countries do not have the raw materials which they require and the nature of the European market, which is subdivided by national frontiers and intersected by customs, has made mass production impossible. Unlike the United States, therefore, Europe has been faced with unfavorable economic conditions. Social conditions were favorable not to the workers, but to the employers—at all events, in appearance, for the result of a plentiful labor supply has been to keep wages down and to prevent an improvement in the quality of the labor. The workers, in constant dread of being replaced by the surplus labor available in the country, have been unable to defend their interests, and their standard of living has declined in proportion as the big industries developed.

In the middle of the nineteenth century, the miserable living conditions of the workers roused a certain number of individuals to action. But the efforts of private initiative in Eng-

land and France to improve them only led to incomplete results. They failed owing to the resistance offered by the employers, who had a surplus labor supply at their disposal. These circumstances led to state intervention in social affairs.

It soon became apparent, however, that the state was powerless in view of the exigencies of world competition. Social policy necessarily imposes charges on industry. It raises the costs of production. In the matter of competition, it acts to the detriment of the most progressive countries and in favor of the most backward ones. International agreements appeared necessary if industry was to adopt a generous social policy.

In 1876, the Swiss Federal Government convened an international conference for the legal protection of workers. Circumstances prevented this conference from meeting immediately, but in 1890, the German Emperor repeated the invitation first extended by the Swiss Government. Three conferences were held before the war, the first in Berlin in 1890, and the next two at Berne in 1906 and 1913.

In the meantime, big private organizations were established, on an international basis, to supplement state action. They were largely supported by industry, which realized the advantages to be derived from international action in social affairs. Ultimately labor bent all its efforts towards the internationalization of social problems and remedies.

The International Labour Organisation was established as a result of this triple effort on the part of governments, owners and workers. In September, 1914, the American Federation of Labor adopted a resolution urging the Executive Council of the Federation to submit proposals for the reestablishment of fraternal relations and the protection of workers, thus laying the bases of a durable and lasting peace. This resolution was the starting point of a whole series of similar resolutions passed by Inter-Allied and German Workers' Congresses, and finally by the Berne Conference, which in February, 1919, included representatives of the workers of all the European countries.

In compliance with these proposals, the Peace Conference set up a Committee on Social Legislation, with Mr. Gompers as President, which drafted the text of Part XIII of the Treaty

of Peace. In his speeches, President Wilson referred to Part XIII as the MAGNA CHARTA OF LABOR.

### III. ORGANIZATION

The International Labour Organisation is established on the same model as the League of Nations, or—to be more correct—on the model of all human society. It includes an organ which represents the whole of the members, an executive organ and an administrative body.

The legislative organ, which is known as the International Labour Conference and meets every year, is one of the most original institutions of the League of Nations and is very likely to be one of those which will have the greatest influence on the evolution of the international society.

The Conference is essentially democratic in character. The Assembly of the League includes only representatives of the states, who must vote according to their instructions. Only unanimous decisions may be taken. The International Labour Conference, on the contrary, is composed of representatives of the different nations who can vote freely and individually and pass decisions by a majority vote. It is this that has inclined certain jurists to the view, that in the future evolution of the League, the International Labour Conference might act as a Chamber of Representatives, while the Assembly of the League of Nations would act as a Senate.

The democratic character of the institution is brought out by the fact that the International Labour Conference, whose constitution is in advance of that of the majority of the states, constitutes an assembly of interests. In every state, four delegates are appointed: two by the government to represent general interests, that is, the interests of the consumers; one by the chief employers' organization; and one by the most representative of the workers' organizations. In actual practice, this system has met with difficulties in certain countries; nevertheless, it constitutes a daring solution of the problem of the representation of interests in international affairs.

The Conference adopts conventions and passes recommendations. A difficult point arose at the Peace Conference. If these conventions, which were passed by a majority and by representatives who had not received instructions from their



governments, were to be binding upon the states, the International Labour Organisation would be a superstate. This would have meant a serious reduction of the sovereignty of the member states. If, on the other hand, the conventions were not binding, the Conference would be a purely advisory organ without authority.

The solution agreed upon lay midway between these two possibilities. The conventions adopted are not compulsory, states being free to reject them. The governments are obliged, however, to submit them to their respective parliaments. They cannot simply pigeon-hole them, as so often happened in the case of the conventions adopted before the war by international conferences. Similarly, the recommendations passed by the International Labour Conference must be submitted to Parliament in order that the latter may declare whether it wishes to give effect to them or not.

The difference between the conventions and recommendations is thus not a difference in the degree of obligation devolving upon the states, but merely a difference in the actual scope of that obligation. The conventions must be adopted as they stand, *ne varietur*, while the recommendations must simply form the subject of national legislation.

The Conference, which is the representative and legislative organ, appoints the Governing Body, which is the executive organ. The Governing Body is composed of twelve Government members, eight of whom represent the states of chief industrial importance, and also six workers' and six employers' representatives, who are appointed respectively by the workers' and employers' groups of the Conference.

The administrative organ is the International Labour Office, the Director of which, Mr. Albert Thomas, was appointed by the Governing Body.

#### IV. OBJECTS

The object of the International Labour Organisation is not, as some people believe, to standardize labor conditions in the different countries. It is simply to establish an international minimum. Labor conventions cannot in any case lower the workers' standard of living in any country. The effect of international legislation can only be to raise that standard. The

International Labour Office is established upon the principle that the living conditions of the working classes cannot fall below a certain standard without injury to industry itself and to civilization as a whole.

Since the middle of the last century, the progress of industry and the marvelous development of machinery have coincided with an improvement in the living conditions of the workers. This improvement is often held to be due exclusively to technical progress, but it is equally true that this progress is the result of the raising of the average standard of living among the masses. In either case, the improvement has enabled a large number of individuals to consume more and has thus increased the outlets of industry; it has also enabled the workers to obtain training and to improve in their trades. Until the nineteenth century, the worker was viewed simply in his capacity as such. The great discovery of modern times has been to see in him a consumer and hence, to some extent, a collaborator of industry. If the average standard of living in a country is to be maintained, however, the other competitive countries must make a similar protective effort on behalf of their working classes. To regard social policy as a purely national affair is to place it in the hands of countries which are still at an earlier stage of evolution, while to internationalize it is to place it on sure foundations. This idea was expressed by President Wilson in the following terms:

The point I wish to make is that the world is looking to America to set the standards with regard to the conditions of labor and the relations between labor and capital, and looking to us because we have been more progressive than other nations in those matters, though sometimes we have moved very slowly and with undue caution. As a result of our progressiveness the ruling influences among our working men are conservative in the sense that they see that it is not in the interest of labor to break up civilization, and progressive in the sense that they see that a constructive program has to be adopted. We must devote our national genius to working out a method of association between the two which will make this Nation the nation to solve triumphantly and for all time the fundamental problem of peaceful production.

In other words, the object of the International Labour Organisation is not to further the interests of the workers alone. It is to protect workers, employers, and the public alike; it is to protect the workers of the less progressive coun-

tries by facilitating the development of social legislation, to protect the employers in the more progressive countries by safeguarding them from the competition of other countries, to protect industry by raising the standard of living among the working classes and increasing output, and to protect society by eliminating the disturbing elements among the workers. This was the view expressed by President Wilson in his speech at St. Paul on September 9, 1919:

The interests of capital and the interests of labor are not different but the same, and men of business sense ought to know how to work out an organization which will express that identity of interests. Where there is identity of interests there must be community of interest. You cannot any longer regard labor as a commodity. You have got to regard it as a means of association, the association of physical skill and physical vigor with the enterprise which is managed by those who represent capital; and when you do, the production of the world is going to go forward by leaps and bounds.

#### V. EVOLUTION

The Washington Conference in November, 1919, was the first manifestation of the activities of the International Labour Organisation. At this Conference two very important series of decisions were passed.

In the first place, Germany and Austria were immediately admitted as members of the International Labour Organisation. Germany, which is not yet a member of the League, has been a member of the International Labour Organisation for the last seven years, thus bearing witness to the universality which that Organisation desired from the very outset. Germany has hitherto been allowed to play no part in the political reconstruction of Europe, but it would have been absurd to make any attempt to reconstruct the social fabric of the world without the collaboration of one of the most important industrial powers. The universality displayed by the I. L. O. is further shown by the relations—purely scientific relations, it is true—which the Office has established with the Soviet Government and by the interchange of publications and documentation.

In the second place, the Washington Conference adopted a series of conventions, the most important and the best known of which is the convention concerning the forty-eight hour

week. In fact, the forty-eight hour week already existed in most industrial countries of Europe, as a result of war and revolution. The purpose of the convention was thus not to create a new situation but to protect the countries which had already made this forward step against the competition of the others, and also to protect the workers against any regression of their working conditions.

Since 1919 the International Labour Conference has met every year—in 1920 at Genoa, and since 1921 at Geneva. The first three and the seventh conferences adopted draft conventions concerning the hours of work in industry, agriculture and at sea, measures against unemployment, and the protection of women and children (night work, minimum age of admission, confinement, etc). They are, as can be seen, broadly humanitarian in character.

In all, 20 conventions and 25 recommendations have been adopted by the Conference in its first seven sessions; 182 ratifications have been registered and 31 ratifications agreed to. These figures, although much higher than could have been obtained in this connection before the war, represent only part of the legislative results due to the efforts of the International Labour Office. More than four hundred laws have been submitted or passed in different parliaments as the direct result of the decisions of the Conference. Even this figure does not really represent the true results; as it does not take into account the indirect influence exercised by the Office on national legislation in matters concerning which no formal decisions have been passed by the Conference.

Nevertheless, it must be confessed that, efficacious as it has been, the legislative work accomplished by the International Labour Organisation has been less considerable than the Peace Conference and the working classes in the different countries had expected and hoped. It was thought in Paris in 1919 that a year would be sufficient for all the countries to ratify any convention. The work of ratification by the parliaments, however, has proved so slow that, between 1921 and 1925, the International Labour Conference has not dared to pass any new conventions, lest it should overburden the agenda of the parliaments and thus discourage the latter.

The reason for this comparative failure is not far to seek.

The economic and social clauses of the Treaty of Peace were based upon the conviction—a conviction which was quite general in 1919—that the war was going to be followed by a period of extraordinary prosperity. After the destruction of so many men and so much material it was not to be expected that there would be any shortage of markets or unemployment. No one had any doubts as to the prosperity of industry during the coming years. Hence considerable and rapid progress was expected in social legislation. When trade is flourishing and labor is scarce, employers can afford to be generous. They must be so, in their own interests.

That was not all. In 1919 Bolshevism had reached the climax of its early successes. The nations of Europe were afraid of the effects of its propaganda. Huge concessions to the working classes did not appear too high a price to pay for the maintenance of social order and domestic peace.

In the spring of 1921, however, the situation was completely reversed. The economic crisis which suddenly occurred throughout the world cut short the profits of industry and the surplus labor gave rise to unemployment. The workers, who were now too numerous, ceased to be all-powerful and threatening. The employers, who were confronted with almost insurmountable financial difficulties, could no longer set aside from their takings the sums required for social improvements. Thus, the hypothesis upon which the International Labour Organisation had been founded proved false. The states which in 1919 were prepared to ratify the conventions without delay were no longer able to do so, and the legislative work of the International Labour Organisation necessarily declined.

It would hardly be right, however, to speak of failure. As soon as industry revives and labor becomes scarce, the conditions obtaining in 1919 will be reestablished, and international labor legislation will pursue its course. The first symptoms of this change are already visible. For the first time since 1921 the International Labour Conference of 1925 has decided to adopt new draft conventions. Moreover, a gathering of the Labor Ministers of Belgium, Great Britain, France, Germany and Italy held recently in London decided that these five big industrial powers of Europe might proceed to ratify the Washington Eight-Hour Day Convention simultaneously and on a



common basis. The relaxation of the economic tension which is becoming more and more noticeable in Europe will certainly mean a series of fresh ratifications for the I. L. O. during the next few years.

This tension, however, has had certain permanent effects. It has obliged the International Labour Office to transfer the center of gravity of its activities from purely legislative to scientific action. The task of the Office in this connection is to collect information concerning social work in the different countries, to centralize it, to set it forth scientifically and to communicate it to all the parties concerned. The Office has brought out a series of publications, the most important of which is undoubtedly the *Enquiry into Production*, which constitutes an economic and social history of our times. There is the likelihood that it may collaborate later with an independent organization which is engaged in studying scientific management. As regards this point, Europe is far behind America and would ask nothing better than to follow American examples when these are available.

This work, which is described as scientific, is not, however, purely theoretical. If the experience of one country can be placed at the disposal of others, much tentative effort and many mistakes may be avoided, while practical results should be obtained.

Finally, the International Labour Office has on various occasions brought its influence to bear and acted as arbitrator in social disputes. It would be difficult to estimate the services which the League of Nations renders to humanity by preventing wars, the possible effects of which are never realized, as they never come to pass. Similarly, the personal action of the Director of the International Labour Office has led to the prevention of strikes, more particularly in the matter of maritime traffic. It has saved the world vast losses, of which nobody has ever heard.

## VI. CONCLUSIONS

Labor conditions are so different in America and in Europe that the experiences of one continent can hardly be taken as a basis for development in the other. The economic conditions of industry are totally different. In the case of American



goods, the cost of production is based upon dear labor and cheap raw materials. In Europe, the position is exactly the reverse. Hence the possibility that social policy may exercise any effect upon the cost of production is almost negligible in competition between Europe and the United States.

This is a fact beyond dispute, a fact which was realized at the Peace Conference. That is why, when President Wilson asked that special measures might be taken in favor of federal states, the framers of the Treaty did not hesitate to insert special provisions with regard to federal states, although the measures in question were such as to render the ratification of conventions by the United States practically impossible.

In other words, the United States have never been expected to offer legislative collaboration in this connection: what was expected of them was scientific collaboration. Similarly, the International Labour Office, as has been seen, was forced by circumstances to suspend its legislative activity to a certain extent and to concentrate upon its scientific work. The evolution of the I. L. O. has thus been such as to make the collaboration of the United States easier and more useful.

The essential cause of the economic crisis which has spread over the whole world is to be found in the fact that during the war years the industrial capacity of every country was overdeveloped. All the European countries, under the stress of belligerent effort, increased the number and output of their industries. The overseas countries, being deprived to some extent of European exports, did the same. At the present day there are too many industries for the actual requirements of humanity. There is only one remedy for this state of affairs: to increase human requirements. All measures of national protectionism are merely artificial. It is only by extending the markets that work can be found again for all the workers and all the factories in existence.

In view of the fact that to extend the markets in backward countries must necessarily take time, there appears to be only one swift solution for the industrial questions engaging the attention of the whole world, namely, to extend the internal markets by gradually raising the standard of living among the working classes. That is just what the United States have done for themselves. The purpose of the I. L. O. is to do the

same, to a certain extent, in Europe, where of course it requires international agreements. Viewed from this standpoint, the activities of the International Labour Office, far from impeding industry, are calculated to encourage it.

Secondly, it must not be forgotten that discontent is the most powerful factor in promoting war. This principle was expressed in the following terms in the Preamble to Part XIII of the Treaty of Peace: "Whereas the League of Nations has for its object the establishment of universal peace, and such a peace can be established only if it is based upon social justice. . . ."

Nothing could be truer. When a nation is contented, it dreads disorders and catastrophes. When the life of the individual is hard, when wages are low and the most elementary needs cannot be satisfied, nations begin to dream of changes and conquest. It is in the matter of social questions that the opposition between Moscow and Geneva is keenest. The best means of keeping the nations away from Bolshevism is to develop international collaboration in social questions, through the agency of the League of Nations.

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THE PROGRAM OF THE LEAGUE OF NATIONS  
ADVISORY COMMITTEE ON THE TRAFFIC  
IN WOMEN AND THE PROTECTION  
AND WELFARE OF CHILDREN  
AND YOUNG PEOPLE

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to study the Traffic in Women and Children

**M**Y task is primarily to set the stage, so to speak, for the discussion of the Advisory Committee on the Traffic in Women and Children and to sketch the evolution of the Social Section of the League of Nations, while Miss Lathrop will discuss the child welfare program. Perhaps between us we can give you a picture of the reason why these dissimilar activities are grouped together in the League.

As far as the League itself is concerned, I think we have to keep in mind that it provides a very simple machinery in the form of the Assembly to secure a consensus of opinion among the representatives of all the member nations. These representatives come together once a year in September to discuss the business of the League. The Council is a small body which functions more or less continuously throughout the year. Then there is the Secretariat, which is the executive body for carrying out the business of the League, after it has been determined by the Assembly and interpreted in terms of advice and instructions by the Council.

The Secretariat is divided, for practical purposes, into a series of sections—the Health Section, which Professor Lindsay mentioned, and a number of others of which, for my present purpose, the Social Section only need be named.

The Social Section deals with a group of activities which are rather hard to define. Public Health, of course, has a much more definite meaning in the minds of the statesmen of the world than the social problems dealt with by the Social Section. One of these is the traffic in women and children, so-called, that is, the sending of women and girls particularly,

but also of children, from one nation primarily for the sexual pleasure of individuals in another nation. For the purpose of suppressing, or at least restricting, this evil, a series of international conventions have been negotiated during the past twenty-five or thirty years.

One of the articles of the Covenant referred the problem to the League of Nations for further study and international action. When the members of the Council came to discuss it they decided that it was one of the things which should be dealt with by the Social Section of the Secretariat. Subsequently they came to the conclusion, after several preliminary studies, that there existed no adequate data on which to base a clear-cut program, which the League could follow in carrying out this requirement of the Covenant. So it was decided to set up an Advisory Committee on this subject.

The Advisory Committee comprises two groups of members, namely, assessors and government officials, the former representing the outstanding voluntary international agencies dealing with the traffic in women and children, the latter representing their governments more or less officially, and enjoying the prestige that goes with direct appointment by a government.

The government officials do the voting in the Committee, the assessors participating in every other way. Of course the Advisory Committee has no executive power. It can only advise the Council as to its best judgment about policies and means of carrying them out.

The library of the League has a wonderful collection of general information; but not of the character needed for this purpose. You have to visit the Library and actually work in it to realize how remarkably well organized it is, and what a mass of documents and other working material has been collected in a short time.

As time passed, however, and the Advisory Committee met year after year, it became evident that it must have up-to-date information. Consequently about three years ago, Miss Abbott, who is, I believe, technically an unofficial observer and consultant from our government but who, so far as the League is concerned, receives all the courtesies due a government representative and participates, except in the matter of formal

actions, as a full government member, made the proposal that the Council should set up a special commission to study the traffic in women and children with the aim of getting a factual basis for the recommendations of the Advisory Committee in the future. The Council accepted that recommendation. The need being agreed upon, the Council said, "We will go ahead if there are funds."

As we could not draw, for this commission, on the official funds of the League, we hoped to finance the project by securing voluntary contributions in the United States, and as a matter of fact, the Bureau of Social Hygiene made the generous contribution of a sum necessary to carry on this investigation. Perhaps I should say that this is an interesting and very simple illustration of how the Council and voluntary agencies work together on such purely non-political problems.

The Council called on the Secretary-General for suggestions as to the composition of the special commission. It was decided, as frequently happens, to include a number of representatives from different countries, so the commission became larger than was originally planned. There are, therefore, eight members: an English representative, who is in the Home Office and especially concerned with the British Government's relationships to the care of delinquent or dependent children and a great many other similar functions and who is also the central authority for traffic in women and children under the old conventions; a Belgian representative, who is the head of the Child Welfare Division of the Belgian Government; a Frenchman, who was formerly an officer in the French Government with a long experience with police administration; a Swiss, who is the head of the International Society for the Suppression of White Slave Traffic; an Italian, a remarkable woman with long experience in Social Welfare work; a Uruguayan woman, a physician and professor in the university there; a Japanese, one of the chiefs in the legation in Paris and an unusually competent and broad-minded member; and an American physician with training and experience similar to that of the other members. We had all hoped that Mr. Abraham Flexner would be the person who would be selected to act as chairman, because he had made such a splendid contribution in his study of prostitution in Europe and

elsewhere and because he was thoroughly familiar with the conditions before the war. When Mr. Flexner could not serve because of illness they still had certain reasons why they wanted an American to serve as chairman, and it fell to my lot to act as chairman of this commission.

The commission has undertaken to get the facts about the traffic in women and children as it exists to-day over the world. The commission will assemble its data and report to the Council of the League of Nations. Whether that report goes into the wastebasket or is used depends, of course, on what the Council does, but it is probable that the report will go to the members of the Advisory Committee as a factual basis for their further efforts to suggest policies and programs for action by the League or its constituent member nations.

The commission goes out of existence when it makes its report. The Advisory Committee is a standing committee that continues its work year after year. That is the machinery and it is an illustration of the kind of organization one of the sections of the League has set up.

I would like to mention one thing that has been much in the public eye—the protection of young people. The Council has been urged for some years to interest itself in child welfare and to designate a committee for this purpose. The League, like every governing body I suppose, is urged to set up a great number of these special committees, yet the Council wishes to create as few of them as possible. The question of the traffic in women and children had grown out of existing conventions and therefore had its recognized place; but child welfare was a new thing and it had no assigned place. The League wanted to do everything it could to promote child welfare, but it had to put it on some clear-cut international basis. It occurred to some of the members that it was proper to assign child welfare to the Social Section, and to extend the Advisory Committee's functions to include this additional field. Apparently this administrative linking together of child welfare and traffic in women problems has occasioned, in the United States at least, confusion which had not been anticipated at Geneva.

They have attempted to overcome this difficulty in a relatively simple way: There is still the one Advisory Committee,



and its government members serve in double function on two sections of that committee, one section dealing with child welfare, and the other continuing to deal with the traffic in women. There are two sets of assessors, one for each section. Miss Lathrop, who is one of the assessors for child welfare, has just returned from a meeting under these conditions, the first they have had, and it will be interesting to know whether she considers that the new plan is working out satisfactorily.

I mention this matter to show how simple in conception the League organization is. It has no pride of organization nor is it bound by precedent. It can throw the present machinery over and devise something else, and seems disposed to do so if something else will work better.

The special commission undertook to study the traffic in women and children since the World War, and it was agreed, of course, as the Council tries to agree always, that what was done would be done in cooperation with the nations, and without arousing antagonism. Letters were sent out, signed by the Secretary-General at the request of the chairman, asking the courtesy of information and the privilege of inquiry upon the spot, so far as our commission might feel such inquiries to be desirable. I think it is rather significant that we have not found a single country that has refused to cooperate or to agree to inquiries on the spot, although there had been many predictions that opposition would be encountered.

There was a good deal of difficulty in making sure that we had a definition of what "inquiry on the spot" is. When you have to define that sort of term in twenty or thirty languages, or even define it in French and in English, which are the official languages of the Secretariat, you find that it is something of a task. I remember when it came to certain phases of migration from one country to another our committee was getting along very smoothly when some one stated that girls come down from Poland into Italy to a port like Genoa, ignorant of United States immigration laws, and failing to get on shipboard they are left stranded. There was nothing in French that was equivalent to the word "stranded," and we spent two hours with the interpreters trying to explain to all the members what was meant by a girl being stranded in Genoa. But the interpreting service of the Secretariat is

marvelous, and after the first day or two, when one gets accustomed to waiting for something to be straightened out, he begins to marvel at the demonstration of the fact that we do not have to wait for a common language before we can hold conferences to develop common ideas.

The Secretariat's business is that of being in the background all of the time and shaping the give-and-take of the members of the various commissions. The letters which they send to the various countries have to be interpreted in terms of diplomatic language as well as in terms of mother tongues and often they have to be supplemented by various notes of explanation and by personal letters. In the case of our commission, when the plan was explained we received very definite cooperation. Nothing outside of some such machinery as that of the League of Nations could get such results, because it takes a long time to get official delegates together for the adoption of a convention, and when the funds are limited it is especially difficult. But as the League's experience is growing and more peoples know about it, its opportunities are increasing. Our commission has now sent representatives into a good many countries of the world to get information and, as I have said, everywhere we have been given assistance and recognition.

Again referring to the documentation side of the work, we wanted to get all the laws and regulations that related to this subject and interpretations of the regulations so far as practice was concerned. It takes a great deal of time and effort to put such a mass of laws and regulations into any proper shape. Here again the League did not hesitate to call upon volunteer service. For instance, the American Social Hygiene Association was asked whether it would not be able to put into orderly system for filing, with interpretative notes, all of the laws gathered. The Association has done this and turned over to the library in Geneva the completed studies. That is only one instance. There are many illustrations of cooperation of that sort. Every agency desires to work toward the common purpose of getting a factual basis for the reports of such commissions.

Perhaps there is one other statement that I may make in completing the picture; there are a great many things that do

not have to wait for action by the Council. The fact, for instance, that the League was taking up this study has practically led some countries, as we find in making inquiries on the spot, to exercise their own initiative in finding out what their local conditions are. That is partly to help get information and partly to find out for themselves, to check up on what may be said later by the League. Again and again, in this connection, a country has said, "We haven't given much thought to this question. Can't you send us some practical suggestions or send some one out here to talk it over?" Of course this commission has not made its report and can give out no information at all, but the Advisory Committee, through the Social Section, has been able to send out many suggestions to these various countries; and they are already putting them into operation. For instance, in the Far East, Japan, instead of opposing an inquiry on the spot, has said that it would like very much to see a study made in the Far East. In the meantime the Japanese Government formally instructed its embassy at Paris to gather all the information it can on what other countries are doing on the problem of traffic in women and children, and has gone to great effort voluntarily to gather data for this Commission.

There are many by-products coming out of the League's commissions and advisory committees that one doesn't think about. I have mentioned only a few in this rather discursive discussion, but I thought it would help more to show you how the League works than it would to try to tell you anything of the details of what has been done. So far as the commission to study traffic in women and children is concerned, suffice it to say that what seemed to be a very thorny subject has proven to be one of the things of which the nations of the world have said: "It isn't political; it's a thing we all want to deal with on a practical basis. We want the facts."

It has demonstrated that in the field of scientific and sociological international effort we can probably take any subject and work out machinery for effectively getting facts and devising joint action. We could not do this, however, without having some continuing organization such as has been built up at Geneva under the name of the League of Nations.

## INTERNATIONAL CHILD WELFARE PROBLEMS

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THE fact that I have just returned from attending for the first time a session of the new Advisory Child Welfare Committee of the League of Nations may well seem a reason rather for keeping silence than for speaking. However, since the week of discussion and conference has given me a new sense of the practical value to the world of the League's scientific services which directly or indirectly affect the young of the race, I venture to submit my impressions.

Two marked influences had a share in creating this Committee in 1925. First, it affords an instance of that development, which Dr. Snow has suggested, from a specialized activity for suppressing a flagrant social evil to a basic effort for a better social life. Both are necessary. They help each other. The League of Nations was charged by the Treaty of Versailles with responsibility for international agreements relative to the traffic in women and children, and therefore had created an Advisory Committee on this question in 1921; but in 1925 it set up the Advisory Commission for the Protection of Children and Young Persons, dividing it into two parts—the Committee on the Traffic in Women and Children and the new Advisory Child Welfare Committee, with which we are now concerned. As a listener I had the privilege of being present at one sitting of the Committee on Traffic and gained some realization both of the difficulties it must encounter and the progress already made by the wise, patient efforts of a body whose work intimately connects with certain aspects of that of the Child Welfare Committee. Indeed it is especially provided that the two committees “may meet together in plenary session for the discussion of any question of interest to both.”

Second, the creation of the new Committee was largely

caused by the fact that in 1924 the Assembly and Council of the League decided to take over the international work of the Association for the Protection of Children which has its seat in Brussels.

To show the spirit and purpose of the twofold reorganization described, one cannot do better than quote from the report of the Advisory Commission on the Traffic in Women and Protection of Children to the League Council submitting the plan of the Advisory Child Welfare Committee:

The Advisory Committee thinks it right to take the normal child as the basis of its study, and to emphasize the constructive side of child welfare as much as the more limited though vital question of protecting the child from adverse influence or wilful exploitation. There is also the difficult problem of the abnormal child whose free development is hampered by physical, mental or moral defectiveness, and whose lot calls for special care and sympathy.

The Advisory Committee decided not to offer a specific definition of the subjects which should fall within the term "child welfare," since a complete definition might be misunderstood as too vast and a narrow definition might exclude questions which later it might appear should be included. The Committee wisely states that it "fully realizes that if the work in this field is to be effective, it must be built up gradually from a strictly limited program, and developed as opportunity offers." The report enumerates the three main headings under which its work should be carried on: documentation, research, discussion. All social students will be in accord with this method of first gathering relevant existing publications, developing original research, and diffusing useful knowledge by all practicable methods of discussion.

Inevitably and indeed advantageously the earlier sessions of a new committee of this character, with a scope so large and so experimental, will be devoted to at least preliminary consideration of a wide range of topics. This was true of the meeting in March. Among the subjects considered were the protection of life and health in early infancy, the compilation of laws relating to the age of consent and the age of marriage, the proposal of an international convention for the assistance or repatriation of foreign children who are abandoned, neg-



lected or delinquent; consideration of the report submitted by the International Labour Office on ratification of international child labor conventions and on legislation regarding child labor; the necessity that there should be no wasted gap between ages for leaving school and for beginning work; family allowances; the recreation report by Dame Katherine Furse; the cinema; alcoholism.

Action was taken authorizing a study of juvenile courts. "The problem of the blind child" was placed on the agenda for the next session. A resolution was passed expressing the Committee's sense of the dangers of alcoholism to the physical and intellectual and moral development of children and young people and requesting the Council to ask the governments to protect children and young people from this danger by every possible means and agreeing that the question should be placed on the agenda of a later session. It was decided that the subject of the neglected and delinquent child should be placed early on the agenda of the next session.

As to the cinema, the Committee adopted the following resolution:

The Committee recognizes on the one hand the attraction and importance of the cinematograph in certain circumstances from the point of view of the healthy recreation, instruction and education of children and young people, but it is convinced on the other hand that the abuse of the cinema has definitely harmful effects upon the minds of children and young people and, according to certain medical authorities, upon their nervous system and physical health.

The Committee, appreciating the interest felt by the International Institute of Intellectual Cooperation in the question of the cinematograph, desires to assure it of the importance which the Committee itself attaches to the question from the point of view of the moral and intellectual development of children and young people, and requests it to devote special attention to the cooperation of all concerned in the production, circulation and utilization of good films.

#### The Committee recommended:

First, that in each State, offices for control or preliminary censorship should be established whose decisions would be enforced by fixed penalties, with a view to preventing the exhibition of demoralizing films; the views of educationists and parents should, so far as possible, be represented in these offices; second, that all possible means should be employed to encourage the exhibition and the international exchange of films calculated to promote the intellectual, moral and physical education of children and young people.



The Committee decided that in view of the note from the International Labour Office on the difficulties of establishing a report on the effect on the well-being of children, of measures taken to relieve distress—e. g., the effects of social insurance, of measures to alleviate distress caused by unemployment, sickness or death of wage-earners—the consideration of the subject be adjourned to a subsequent session.

Perhaps no subject considered by the Child Welfare Committee is of more immediate concern on the Continent than that of repatriation. It is difficult for us in this country to realize the problems of child welfare created by the forced shifts of population from one country to another, the new national boundaries which often confuse citizenship for large groups and compel the presence of large numbers of unfortunate refugees in other countries than those of citizenship or origin. Such a condition necessarily tends to make the care of dependent and delinquent children who are living in a country other than that of legal residence a new and urgent problem. The discussion was painstaking and it was emphasized that the first consideration in every instance must be the best interest of the individual child. It is not irrelevant to suggest that this view of the first consideration is not without grave claim upon the attention of any country which deports children to countries of origin.

It will be seen that most of the subjects under consideration belong to one or the other of two classes which may be described as, first, defined and terminable, such as repatriation, the cinema, the juvenile court, compilations of laws. Second, those which necessitate progressive scientific research and are therefore continuous and probably endless, for example, the protection of life and health in early infancy—no one to-day will be bold enough to state a lesser generalization than that great dictum: when all children are well born and well cared for the infant death rate will be negligible.

In order to facilitate work the Committee appointed two sub-committees, a Legal Committee to which were referred subjects presenting legal and technical difficulties, and a Liaison Committee which recognized the close interrelations of certain other scientific services of the League by inviting to membership representatives of the International Labour Office,

the Health Commission and the International Institute on Intellectual Cooperation.

To me no action of the Committee was more significant of its wisdom than the creation of its Liaison Committee by which it recognizes that the promotion of child welfare calls for joint activity. This means that the child is to be dealt with as a young human creature, not as an abstraction—a case or a pupil or a worker, a patient, a delinquent, a dependent, but rather as a growing person to whom many agencies must contribute, to whom the physical and moral nurture of good and wise parents are the first essential (and for whose lack Society must provide), for whom education, recreation, social protection, the inculcation of true ideals of behavior, are rightfully due. The child has a right to grow normally and harmoniously into the full development of his mental and moral and physical powers.

It is plain that the Committee fully recognizes the vastness of the task before it and the importance of an approach which shall be in the highest sense scientific and humane. Behind all the questions which are brought forward one is conscious that great economic issues lie in waiting but that must not hinder the efforts of to-day.

At the meeting government delegates were present from Spain, France, Belgium, the British Empire, Denmark, Italy, Japan, Poland, Rumania. Assessors were present representing Women's International Organizations, Social Service Council of Canada and Canadian Council of Child Welfare, "Save the Children" Fund, League of Red Cross Societies, International Organization of Boy Scouts and Girl Guides, International Federation of Trade Unions, International Association for the Protection of Children, American National Conference of Social Work.

The meeting was presided over by the Spanish delegate, Don Pedro Sangros y Ros de Olano, and Dame Rachel Crowdy, Secretary of the Social Section, acted as Secretary of this Committee. I should like to bear witness to the fairness and great courtesy of the Chairman and the cosmopolitan progressive spirit of the Committee as a whole.

It would show a singular lack of comprehension to mention

the Child Welfare Committee without referring to the heavy burden of responsible work borne by its permanent staff of which Dame Rachel Crowdy is the head. A more exacting secretarial task than that which Dame Rachel Crowdy is called upon to perform for this Committee, cosmopolitan in its structure, necessarily expressing great variety of experience, confronted with the organization of an enormous scientific task, with a field no less wide than the world itself, is hard to imagine. Dame Rachel joins to great administrative ability, warm human understanding, a mind which sees clearly and looks ahead, and a disarming candor which is invaluable.

And finally in this Child Welfare Committee we see, as our Chairman has indicated, nothing less than an organization endeavoring to pass beyond those problems which may be defined and determined, and grapple with the problem which is that of civilization itself—how to improve the conditions of life for the world, beginning with the young.

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## DISCUSSION:<sup>1</sup> INTERNATIONAL SOCIAL WELFARE PROBLEMS

CHAIRMAN, SAMUEL McCUNE LINDSAY:<sup>2</sup> The chief function of a round table conference is to call attention to the available materials for the study of the questions before the conference and then to discuss those materials in a more intimate way than is possible in the more formal general sessions.

I want first to spread on the record of this round table a brief abstract of the remarks of Dame Katharine Furse, G. B. E., Head of the Sea Guides, Girl Guides Association, London, England. Dame Katharine is attending the International Conference at Camp Macy, Briarcliff Manor, at which representatives of girls' organizations in thirty-three countries have assembled as the guests of the Girl Scouts of America. She could not be present with us this morning because of conflicting engagements on the program of that conference but will be with us at the close of the general session this evening and tell us of the work of the Girl Guides in Great Britain and of some of the problems which similar children's organizations face in other countries of Europe and which form a part of the International Child Welfare problem. I may add that Dame Rachel Crowdy, Chief of the Department of Social Questions and Opium Traffic in the League of Nations was invited to be here. She is now in Canada and will soon visit the United States but engagements previously made for her in Canada have made it impossible for her to be with us to-day. Both from what Miss Lathrop has told us<sup>3</sup> and from Dame Katharine's remarks, we shall I hope get some idea of the important work that comes under Dame Rachel's jurisdiction in the League organization.

<sup>1</sup> Open discussion at Round Table No. 3, May 11, 1926.

<sup>2</sup> Professor of Social Legislation in Columbia University and President of the Academy of Political Science in the City of New York. For Prof. Lindsay's introductory address and other papers which preceded this discussion or dealt with the topics here discussed at the subsequent general session, Tuesday evening, May 11, 1926, see pp. 375 *et seq.*

<sup>3</sup> Paper by Dr. Julia C. Lathrop, p. 418.

DAME KATHARINE FURSE, G. B. E.:<sup>1</sup> As you know, our organization is a sister organization to the Boy Scouts. It started because the girls wanted something similar. They used to dress up in their brothers' uniforms and go out and play the same games. They were insistent that they must have the same organization. So Lord Baden-Powell who had founded the Scouts then gave them this other movement of their own because we didn't want to mix them up with the boys as the public would think they were just tomboys.

We start with the children at about eight years old as Brownies and then we carry them on for about four years more, until they are twelve, when they become Guides or Girl Scouts, as they are called here. At the age of sixteen we try to move them on into the ranks and there they can remain until they are eighty or any age they like. So you see, there is no limit really to the age of the people in our movement and neither is there any limit to religion or nationality or type or class or anything else. We try as far as possible to organize the girls and the women of the different nations together so that they understand one another, become tolerant of one another and finally perhaps, begin to love one another better than they have done before. That is shown very well in the units we have at the International Conference now meeting at Camp Macy at Briarcliff Manor, because we have representatives from Austria, Germany, Italy, France, Great Britain and various Dominions, China, Japan, Czechoslovakia, Yugoslavia and other states. In fact they are coming from all over the world to discuss together what can be done for the children of the future.

You all know what is happening to the children now in many countries. Some countries have these terrible difficulties of poverty and starvation still going on. I had a letter today from England asking me to go and discuss how we could help the children of Russia. We know that in Germany the children are still suffering from the effects of the war, so much so that when I asked a German delegate this morning to help me with some information to give you she said, "We are in great trouble with our children, so much so that we don't want to tell what is happening in Germany."

<sup>1</sup> Head of the Sea Guides, The Girl Guides Association, London, England.

The refugees in Bulgaria and Greece are sitting on doorsteps and becoming mentally deficient because they have got nothing to do, because they have nothing to play with and because they are underfed. These children are degenerating and gradually becoming hopeless citizens of the world. In our great towns we have the same problems; you probably have them here in New York in the slums as we have them in London and other cities. There are children who never see anything outside of the streets. They don't see a tree or a bird unless we can get them out into the country. They have no place but the streets to play. I understand that here in the States some of the streets are sometimes shut in the evening so that the children can play safely. We don't even have that yet.

You know the dangers of playing in the street, especially with the older children. They have the instinct of adventure and they want to hunt and there is no one to hunt but each other and at first it leads to nothing harmful, but later it may develop much which is harmful and which will cause a lot of trouble.

I think perhaps the greatest problem ahead of us now in child welfare is the adolescent child because more is being done for the small children than has ever been done before. The school child is given care in all civilized countries which it has never had in any other generation, but in most countries they are let out at fourteen, fifteen, or sometimes still earlier and then they don't want to go to school any more or take advantage of further education and they just drift away, lose what they have had and do not become good citizens.

Along with other things civilization also offers to the children and the young people dissipation and distractions which perhaps lead to a certain amount of selfishness—thought for themselves rather than thought for other people—and dissipation and distraction lead likewise to an unfortunate absence of meditation and reading.

We want a lot of help for these children in all directions and we are trying very hard in our great Scout movements to give them something of what they can't get any other way, but it isn't only for those movements I speak, because we are just as interested in other organizations, such as the Junior Red



Cross or the Y. W. C. A. or whatever organizations there are over here, all combining together to help these children.

We want your help, we want your sympathy, but above all things we want your interest. You may be surprised to hear we do not ask for your money. We find that it is better at home for these children to earn their own money as far as possible. You will find that even the little poor children bring their pennies or halfpennies every time they meet. They manage somehow gradually to buy their uniforms. They pay towards a fund for their camp and if possible they are self-supporting, because we believe that that gives them dignity and self-respect, which is essential in such work as we do. Of course, we are bound to ask now and then for help toward camp expenses and such things for the very, very poor, but we try as far as possible to get these children to earn their own money. They have sales or entertainments to which they get their friends and relatives to come. No doubt they may be rather dull entertainment but through those they can earn a certain amount of money which helps them to get out into the country and to get the fun which they need just as much as everybody else.

Our method is to interest the child, to attract it, to arouse the great sense of adventure which is in everybody. There is probably not a person in this room who doesn't look back on a time when he played pirate or something which was full of adventure. Probably at the age of sixteen or seventeen we all saw ourselves in heroic positions. These children are longing for that and somehow in the Scouts and Guides they are getting it. They are getting a chance of learning how to go into the world and look out for themselves and above all things, to look out for other people, because service is really the watchword of these movements. They are difficult to build up because we cannot get enough people to help us as leaders. Here again, if you will help we shall be very grateful; if you can make known the tremendous need there is for young people to come forward and help the children, we should appreciate it. Probably those who fail to do so may some day realize how much they wish they had.

When war broke out I went to help the Red Cross in London and I recall scores of women who came to the Red Cross office

offering to help, and when we asked them what they could do they said they couldn't cook or nurse or do anything. It was one of the most piteous experiences of my life during the war, to see this enormous mass of untrained people, people who hadn't faced the situation that was ahead of them; people who were not prepared or ready to do things; women bursting into tears because they couldn't go to the front.

Perhaps the preparation for peace is even more difficult than the preparation for war. There was something very splendid in the chance we had in working for the war, but there is something infinitely finer in working for the peace which we all need now. So if you could persuade young people to come forward and help these children to get the peace they all want in the future, to get the understanding and the tolerance of one another, to get to know different people in different countries, because one part of our work takes these children abroad, it would be wonderful. In England last year I think some five thousand boys went abroad to camp. They hiked across country and in doing that they learned to know the ways of boys in other countries. They got to understand that the people in France could do things, perhaps, better than in England. I know our Guides were very surprised because they went to camp in France thinking they knew a great deal and they came home humble because they found the French were a great deal better at camping than they were.

Since I came to America I have met any number of girls who told me that they have been corresponding two or three years with a girl in another country. They have Scouting as their subject and their one great wish is to meet the girl with whom they have been corresponding all these years. It is by this inter-correspondence and exchange of visits such as we have here with the women who are representing the different countries that we are hoping to achieve what we all want more than anything else in the world, namely peace for the children and peace for the children's children in the ages to come.

CHAIRMAN LINDSAY: Before proceeding with the general discussion of the papers of Dr. Snow, Dr. Julia C. Lathrop, and Dr. Boudreau, or of any other questions this group may wish to take up, I desire to call on one more speaker who is not announced on the printed program. Mrs. H. H. Moor-

head is secretary of the Opium Research Committee of the Foreign Policy Association. She has attended all the recent international opium conferences and meetings and has very kindly consented to speak briefly on that important social problem.

MRS. H. H. MOORHEAD:<sup>1</sup> I am very much indebted to Dr. Snow for outlining the machinery of these advisory committees on subjects within the Social Section, and to Miss Lathrop for giving us an understanding of the significance of the work that Dame Rachel Crowdy has done as the head of the Social Section of the Secretariat of the League.

Dr. Snow remarked that there was some doubt as to whether opium was really a Health Section problem, a social problem, or a political one. Opium certainly is full of politics, and as such has been one of the most difficult subjects which this particular section has handled. In five minutes to which I was told I was limited, I cannot go into the detail of the entire opium problem. I can only call your attention to certain documentary information now readily available. A pamphlet<sup>2</sup> of the Foreign Policy Association contains the 1912 treaty, The League was made, by Article 23 of the Covenant, the intermediary for communications between the signatory states, and created an advisory committee for the supervision of the execution of the treaty. This pamphlet also contains the amendments to the treaty the drafting of which caused so much discussion and such a quarrelsome conference in November 1924 and the early months of 1925; and a general discussion of the events, and an analysis of the facts—an analysis without bias—on which the treaties are based; the text of the American withdrawal and the text of the critique given by the chairman of the conference on the American withdrawal.

What I want to say about the opium situation, which I think very few people understand, is that one of the by-products of this advisory committee in Geneva, which was established to carry through the execution of these conven-

<sup>1</sup> Secretary of the Opium Research Committee, Foreign Policy Association, 18 East 41st street, New York City.

<sup>2</sup> *International Control of the Traffic in Opium*. Summary of the Opium Conferences held at Geneva, November, 1924, to February, 1925. With Appendices, etc., New York, 1925, Foreign Policy Association, 56 pp.

tions, has been the evolution of an idea for the control of a raw material of commerce from an international viewpoint. There has been set up in the amendment to this treaty a thing called the International Control Board. The United States, as you remember, has now withdrawn, refused to sign this new treaty, and has finally, as it were, run herself into a "blind alley" as far as the new treaty is concerned. However, the treaty has this element in it: It is the first attempt to set up the machinery for an international control of a raw material of commerce. The principles on which it is based are those which ultimately can be developed and applied to any raw material of commerce, even oil, even rubber. We have here a germ of an idea which, if it is soundly applied in its beginning, if it is started on a very small scale and every step taken with extreme caution, may be one of the really creative things which the League is doing, because I quite agree with Miss Lathrop that the real fundamental business of this world corporation, as it were, is only incidentally the thing which has deprived us of a larger audience this morning—disarmament.

They must get done with disarmament. They must get done with the arrangements in regard to war and then the League of Nations must get down to the actual creative, constructive world business, such as the health, the social problems more directly applied, and the fundamental economic difficulties between countries, to which opium, strangely enough, is pointing the way.<sup>1</sup>

CHAIRMAN LINDSAY: Mrs Moorhead has very kindly brought a number of the pamphlets referred to, which she will be glad to have you take with you.

Dr. William Martin formerly associated with the International Labor Office has just come in. We shall be glad if he has anything he would like to say to us on the topics now being discussed. He is going to speak about the activities of

<sup>1</sup> Other pamphlets to which reference should be made are: (1) *India and Opium: The Present Situation*. By Rev. W. Paton, reprinted from the National Christian Council Review, January, 1926, Calcutta, India, 24 pp. (2) *The Opium Situation in India*. Recent Developments, 1926, New York, The Foreign Policy Association, 44 pp.

the International Labour Office at the general session this evening.

DR. WILLIAM MARTIN:<sup>1</sup> Not having heard all of the statements it is possible I will repeat some things which have been said so far. But I think it would be interesting to point out that the League of Nations has been brought to those non-political activities chiefly, or rather partly, by the absence of the United States as a member of the League.

I think it is interesting to recall what happened in 1919. The League was first conceived by President Wilson and other negotiators of peace chiefly as a political body for political work—as a means of preventing wars. Then the Secretariat was organized in London. The chief officials who had served on Inter-Allied organizations during the war, and were out of work after peace came, were now called to come into the League; but they were primarily concerned with economic and technical questions, and they naturally brought into the League their state of mind.

I am sure, if the United States had ratified the treaty and become a member of the League, the first concern of the League would have been disarmament and the political questions which occasioned the creation of the League. But in the first year, the fact that the treaty had not been ratified by the United States caused the League some anxiety about its future, and the people who were chiefly concerned with technical questions took the upper hand. That is why the United States, not being a member, has exerted a great influence upon the evolution of the League, and principally because the League has thought that it would probably be easier to gain successes in the technical field than in the political field, without the collaboration of America.

CHAIRMAN LINDSAY: Thank you very much, Dr. Martin! I think that is a very good point to make—that out of our stupidity and unwillingness to do what every plain dictate of reasonable action would have demanded of us, has come some good thing after all. If we have been able indirectly to stimulate some of these social activities and give them a little

<sup>1</sup> Editor of the *Journal de Genève*, Geneva, Switzerland.

added chance to become rooted in the procedure of the League in its early stages, perhaps later on when we come to our senses and become full-fledged members of the League, as I hope some time we will, the work will be broadened and the whole League strengthened by the unfortunate circumstances of these earlier years.

DR. SNOW: I had hoped that Miss Lathrop would be disposed to tell us, if she chose, about one item on an overfull agenda—about the way in which the Advisory Committee approached the question of motion pictures. I heard that Miss Lathrop had an active part in this work.

MISS LATHROP: I would like to know the source of Colonel Snow's information because I sat very silent during the discussion on the cinema. I read in the minutes, after the discussion, that the committee had determined to recommend that there should be a censorship established in every country. Being a non-voting member I was not permitted to record my views.



**PART VIII**  
**SPECIAL TOPICS**

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## THE RELATION OF THE UNITED STATES TO THE WORLD COURT

MANLEY O. HUDSON

Bemis Professor of International Law, Harvard Law School,  
Cambridge, Massachusetts

I WAS very much interested, during our round table on disarmament problems this morning, to find such emphasis laid by different speakers on the necessity of our developing a new determination to have disputes between peoples peacefully settled before great progress can be made with the subject of disarmament. I think we may say that the world has made a very great progress in recent years toward developing a new determination to have disputes settled by peaceful means, and that progress is due as much as anything else to the setting up of new institutions for the purpose of handling acute international situations.

I am one of those who believe that it is possible for a great deal to be done by a court of international justice. I don't want to exaggerate the possibilities; I certainly have no desire to overstate them. Being a lawyer I think I appreciate lawyers' limitations in dealing with human problems. I am very far from saying that it is possible for a court of law to handle all international differences that may arise. I think it is only obscuring our problem to advocate any such thing. But I do believe it is necessary that our generation should give a part of its attention to the development of machinery for the administration of international justice according to international law.

### *The Permanent Court of Arbitration*

All of us, I think, can take pride in the fact that in the course of the last few years so much has been accomplished in building up institutions to that end. In the first place, we still have the Permanent Court of Arbitration set up in 1899, and I am delighted to note that since our meeting this evening, Dr. James Brown Scott has come among us. I could not

speak of the Permanent Court of Arbitration in his presence without recognizing the very great debt that all of us owe to him for the very valiant part that he has played for a quarter of a century in pushing forward the interest in this country in such institutions and in making it possible for our government to play the part that it has. (Applause).

Looking back on twenty-five years, I don't see how anybody can say that the world would have been better off without the Permanent Court of Arbitration. I don't see how anybody can fail to say that we have profited by the existence of that institution. In twenty-five years it has handled with more or less success eighteen cases—a nineteenth case is now before a tribunal of that court, consisting of a single judge, Judge Max Huber, the president also of the Permanent Court of International Justice. The nineteenth case is a dispute between the Netherlands and the United States concerning an island in the Philippine Archipelago. Of those eighteen cases that have been handled, perhaps none would have led to war. Perhaps the handling of them has not very directly contributed to our meeting the problem of war. But I do feel that it has contributed indirectly, and I cannot see how it is possible for anyone to say that the world would have been in a better position in handling the major political problems of our time if there had been no Permanent Court of Arbitration.

#### *The Work of the World Court*

We have now succeeded in getting alongside this Permanent Court of Arbitration the Permanent Court of International Justice, more widely known in this country as the World Court. For almost five years now the Permanent Court of International Justice has been in existence and for my part, speaking as a lawyer, as a student of international law, as a person who tries to spend a part of his time in envisaging the future of international relations according to law, I can only express the very greatest rejoicing that this Court has made such a splendid beginning in the course of these first five years. It has won the confidence of lawyers throughout the world; it has won the confidence of foreign offices throughout the world; it has been far busier than any of us supposed it was going to be. I am very glad to see Dr. Scott nod his head to

that statement. I think that he and I both felt when the Court was first set up that it might very possibly be put as an ornament on the shelf without being given very much to do.

During the year 1925 it was necessary for the judges of this new Court to be at The Hague every month in the year with the exceptions of September and December. That is, during ten months in the year the judges of this Court were at work during 1925. They are meeting to-day for their tenth session and they are now dealing with their nineteenth case. They will meet for their eleventh session on the fifteenth day of next month and when they come together for their annual session in June they will have two questions before them. One is a boundary dispute between Spain and Portugal, which I understand has now gone before the Court, and the other is a request for an advisory opinion coming from the Council of the League of Nations and relating to the functioning of the International Labor Organization. So I think we may say that so far as the handling of international disputes according to law is concerned, our generation has made a splendid beginning and if this beginning can only be crowned with a continuance for twenty-five years to come, I am quite sure that the person who is teaching international law in my chair twenty-five years from now will be teaching a very different kind of international law from that which I am teaching to-day. This court is going to make a new international law and I have little doubt that it has become a permanent thing in our international life.

#### *Exaggeration of the Problem in America*

Now in the United States I venture to say that the issue as to the World Court has been very much exaggerated. In the first place, I think we very much exaggerate its importance in the world in which we live. I can't see its direct relation to the problems of war and peace which some of my friends see, by any means. I cannot believe that it is capable of dealing with the greater problems which might possibly lead to war in our time. With a Court alone I should think our world very ill prepared to handle the current international problems of our time, though a Court is to me an essential part of any scheme of international organization.

I think we first need to get rid of the notion that it is so all-important. In the second place, we have had difficulty in this continent because of numerous suggestions that have been made here about creating some new Court. I meet a great many people who have come to feel that it is a question of whether we are going to have this Court or some other. Well, since Dr. Scott and Mr. Root returned from The Hague in 1920 there has never been any question in my mind as to what Court we were going to have, and in my judgment the United States has had no freedom of choice since that time. It has always been a question of our doing something about this Court or our doing nothing, and it seems to me that some of our friends have only beclouded the situation by suggesting another course.

In the third place, there has been a misunderstanding in this country of the position of the World Court because of its connection with the League of Nations. Now I am not one of those who regard the League of Nations as the original sin. I have never minimized the fact that the World Court was set up largely as a consequence of the functioning of that machinery which we call the League of Nations, and that it exists to-day as a part of a general scheme of international organization. The fifty-five countries that are maintaining the League of Nations are all contributing to the support of the World Court, and all of them are inclined to view the World Court as a part of a general effort that they are making to maintain the world's peace. They view it as one of the agencies necessary for the functioning of that new method of cooperation and widening understanding which we call the League of Nations.

In the fourth place, there has been a misunderstanding in this country of the advisory opinions of the World Court. Unfortunately the book which Dr. Scott wrote immediately on his return from The Hague in 1920 has been very little read and many people have not understood the device of advisory opinions. In fact, I think few of us in the beginning, though this is not true of Dr. Scott, few of us understood how important they were going to become. In my judgment they are to-day the most important part of the work of the World Court. They mean that the Court is not to exist *in vacuo*, it



is not to exist in space apart from what people are doing in other fields, but it is to be a servant of the people who are trying to guide the world's affairs through international conferences of all kinds, whether within or without that system of conference which we call the League of Nations. The history of the last twenty-five years has shown that nations are very unwilling to cast their differences in terms of legal solecisms. It is very difficult indeed to find a legal equation which would cover many of our international disputes. If anyone doubts that statement I would suggest that he try to frame a legal question that was in issue between the Powers in 1914. I find myself entirely at a loss to know what the legal problem was that was in dispute in 1914. It is possible, however, to have a political conference to deal with various political situations and to aid that conference by opening the possibility of referring questions that are bound to arise in the course of such discussions to a group of jurists for an authoritative opinion. In the course of the last four years, in thirteen different cases, it has proved a very useful thing indeed for the Council of the League of Nations to be able to seek the advisory opinion of the Permanent Court of International Justice. Of course, that advisory opinion does not bind anybody; of course, it is what it purports to be, advisory, and yet it does furnish in certain situations a guide which enables the political discussion to proceed and to proceed in clearer atmosphere.

Now in spite of these exaggerations in the United States, our Senate has taken the action set forth in its resolution of January 27, 1926, and it has at last after a long delay advised and consented to adhesion by the United States to the protocol of signature of the Permanent Court of International Justice.

During all this period of five or six years while the new Court was being builded, while it has been gaining the confidence of lawyers in foreign offices, the United States has contributed nothing. Two individuals in the United States, Mr. Root and Dr. Scott, in 1920 contributed their counsel. Another individual, Judge John Bassett Moore, has contributed his valuable assistance by acting as a judge of the Court. But the government of the United States has contributed nothing, not even Judge Moore's salary.

*The Senate Reservations*

But we now propose that the United States shall adhere to the protocol on certain conditions. So far as these conditions are such as were proposed by Secretary Hughes, they are not likely to cause any difficulty that I can see.

The first one simply provides that the adhesion will not be taken to involve any legal relation on the part of the United States League of Nations. I simply don't know what that means. I suppose it is an inoffensive statement of a reservation, because no one has pointed out any meaning for it.

The second is that the United States is to participate in the election of the judges of the World Court. That is a very proper condition for the United States to set and I doubt if it will meet with any opposition whatever in other countries.

The third is that the United States will pay a fair share of the expenses of the Court as determined and appropriated from time to time by the Congress of the United States. This would be the only obligation that the United States would undertake in adhering to the protocol of the Permanent Court of International Justice. It would be an obligation to pay some \$35,000 or \$40,000 a year, the exact amount to be determined by our Congress.

The fourth reservation is that the United States may withdraw at any time from the support of the Court, which doesn't quite seem as though we were cooperating as wholeheartedly as we might. In other countries it wasn't found necessary to put in any statement about withdrawal, but of course we have had a history in North America which may perhaps be responsible for this. Our Supreme Court of the United States, which I take it all of us in this room regard as one of the great pillars of the republic to-day, was very unpopular in this country for some twenty to thirty years after it was established. In fact, its unpopularity did not disappear until the Civil War. I recall a statement by a very prominent politician in Kentucky as late as 1820, in which he wanted Kentucky to withdraw from support of the Supreme Court of the United States. Perhaps the history of our Supreme Court and the things that were said about it in the first twenty-five years of its existence may be a historical pre-

cedent for our action in drawing up this reservation about the World Court.

But the fifth reservation gives considerable difficulty and I should like to place the difficulties before you in the two or three minutes at my disposal. The first part of the reservation, perhaps, does not occasion difficulty. It says the Court shall not render an advisory opinion except publicly after due notice to all states adhering to the Court and to all interested states and after public hearing or opportunity for public hearing given to any state concerned. That only states a practice of the Court, a practice that has become settled.

But the second part of the fifth reservation is more serious. It says: "Nor shall the Court without the consent of the United States entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest." Advisory opinions have come to be regarded with a great deal of satisfaction and a great deal of favor in other countries. I think other countries would be most reluctant to take any kind of action that would in any way limit the usefulness of the device of advisory opinions, and my information is to the effect that people in other countries are scanning this second part of our fifth reservation most carefully indeed to see whether or not it may limit the usefulness of advisory opinions in the future.

#### *Difficulty of the Fifth Reservation*

The difficulty is here. It isn't objected that the United States should have that power which any state represented on the Council of the League of Nations has in the requesting of advisory opinions. We don't know quite what that power is. It has not been decided whether a single state represented on the Council of the League of Nations can block a request by the Council for an advisory opinion. If that request requires a unanimous vote, then of course any state represented on the Council can block it and any state especially interested in any question is entitled to be represented when the Council is talking about requesting an advisory opinion. But the precedents are not clear; the question has not been decided and it is impossible to say to-day whether unanimous action is necessary when the Council requests an advisory opinion. It may be

that the Council could make the request by a majority vote. Then the United States says we should like to be in the same position as other states and the argument in the Senate was that equality would require that we should be permitted to veto a request for an advisory opinion at any time. I think that is hardly a fair argument because it presupposes a decision as to the necessity for unanimity in the Council itself. But supposing unanimity is necessary in the Council and supposing that the United States is in this respect only placed on an equality with other countries, then the difficulty comes that when the Council is considering making a request for an advisory opinion, the United States is not represented at the meeting of the Council and it is very difficult for the Council to know whether the United States does or does not have or claim an interest in a question which may be submitted for advisory opinion to the Court.

Now the reservation reads that, "The Court shall not, without the consent of the United States, entertain any request for an advisory opinion touching any dispute or question in which the United States has or claims an interest."

If it could be said that the United States would express its opinion as other states represented on the Council will express their opinions, then I take it that other countries would have no objection to this reservation. But that cannot be said. Then when is the United States going to say whether or not it has or claims an interest? After the Council has acted? That would be a very awkward position, indeed. While the Council is acting? Must the United States be consulted before the Council acts and in the course of its deliberations? During the Mosul case last fall it was necessary for the Council to act very quickly to request an advisory opinion. The request for an advisory opinion was a step in the negotiations concerning the Mosul question. If we are insisting on the letter of this reservation, it might very well mean that the Council would be deprived of its power to request and get an advisory opinion in an acute case with promptness and with certainty.

#### *The Present Situation*

So I think the Senate reservation has created a very serious situation indeed, and that part of the Senate program is

being carefully studied in other countries. Therefore we ought to be very patient until other countries have a chance to make up their minds about it. I should have hoped that it would be possible for the United States to have a representative sit down with the representatives of other countries and talk over this situation, to say what these reservations are designed to accomplish, perhaps to unfold our political situation in this country, so that the reservations could be better understood. But of course, when the President was confronted with an invitation to be represented at such a conference he had two difficulties to consider. The first difficulty was that our Senate has in recent years been attempting to take on its own shoulders the responsibility of conducting our international affairs. Here is a question still in the state of negotiation; the President has not committed the country in any way; we stand wholly uncommitted internationally and yet in the stage of negotiation it is very difficult indeed for the President to deal with the question because the Senate has said what it is going to demand and the President is afraid—very properly afraid—to modify any dotting of an i or crossing of a t in the Senate reservation.

In the second place, the situation was difficult for the President because of the apparent justification of a criticism made in this country that the World Court is somehow a creature of the League of Nations. I think that has no reality in it whatever, but given the political situation at the time, it doubtless had to be considered by any Secretary of State or any President of the United States.

So we are to-day confronted with this situation. The United States proposes to adhere on certain terms. Those terms are very serious terms indeed. For my part I very much wish that the other countries would accept them. I very much hope that this fat will not get back again into the fire. But I see the difficulties that must inevitably be present in the minds of people of other countries. I think we find ourselves to-day in a most difficult situation, the Senate having laid down a program, the President unable to be represented in any international conference at which that program would be discussed, the program having to do vitally with the future of the Court, and yet we seem to be unable to get any further for the moment. Perhaps some of you will say it is just as well

that this whole subject should be allowed to stand over for a few years to come. If one draws that conclusion, I am not going to be very impatient with him. The consummation of this action by the government of the United States will not make very much difference to the course taken by our government in handling actual cases in dispute with other countries. But I do think that the immediate consummation of this adhesion would enable our government to follow a very much more enlightened policy with reference to international arbitration than it has been following during the course of the last five years.

We have got ourselves, it seems to me, into a very difficult situation. In the course of the next months we shall probably have to consider it from wholly new angles, and the difficulties at the present time do not show the method of their own solution.

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## INTERNATIONAL TRANSIT PROBLEMS

WALKER D. HINES

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Questions of River Shipping

THE subject which has been assigned to me, International Transit Problems, is rather broad. I had better use a little of my twenty minutes in providing some boundaries to the subject with which I shall deal. In the first place, the world-wide problems connected with ocean transportation I shall not undertake to touch upon.

With respect to the United States, or rather the American continent, it is rather interesting to note how few international transit problems we have. Five years ago, when I attended the London Congress of the International Chamber of Commerce and acted as chairman of the group on transit, it was difficult to find any substantial international transit problems which were presented by the North American continent, leaving aside, of course, ocean transportation. I suppose in South America they may have more problems because they have more countries, more international conditions to deal with; but, after all, the conditions where international transit problems are the most pronounced are the conditions that we find in Europe. Most discussions relative to international transit problems deal with the situation in Europe, and that is what I want to discuss briefly this evening.

Even before the war there were so many countries in Europe and their boundaries were so close together, that the problems, to some extent of river transportation and to a very great extent of rail transportation, involved in movement of traffic and passengers from one country to another were always present and always serious. It is hard for us in this country, with an extent of nearly three thousand miles east and west and almost two thousand miles north and south, to realize how many international problems there can be in Europe with respect to transportation.

Some years ago I saw a map of the Atchison, Topeka and

Santa Fé Railway, which extends from Chicago to the Pacific Ocean and the Gulf of Mexico, superimposed on a map of Europe. The result was that the eastern end of that railway system at Chicago was about where St. Petersburg was at that time; the southern end was found down in Italy or Spain; the western termini were found out in western France and in England. Thus, a single transcontinental system of railroads in this country covered a very large part of Europe, and whereas in that system as it exists in this country there is not a single international problem, a corresponding extent of railway mileage in Europe bristled with international problems, even before the war.

I want, however, to speak of the problems that are peculiar to the post-war conditions and of course I have to limit that largely to the things with which I have had some contact in my work in Europe since the war. As I look at it, those problems were of two characters. One was the specific things that needed to be done after the war to adjust transportation conditions to the changes which the war had brought about. There are two sorts of those problems that I have particularly in mind. One was the redistribution of the rolling stock of the railroads. That was necessary in many parts of Europe; for example, when France got back Alsace-Lorraine after the war, there was the problem of taking over the railroads and the rolling stock appropriate to those railroads. That was a comparatively simple problem. But in the Austro-Hungarian monarchy, whose territory was distributed among seven distinct and independent nations after the war, this problem of distributing the railroad rolling stock was one of immense difficulty. Very shortly after the treaties of peace were put into execution, a commission was formed containing representatives of all the interested states and of some other states to work out a distribution of this rolling stock. The problem was so enormously intricate that it took years to work it out. I am not certain that it has yet been completed. I know two or three years ago the rolling stock was circulating on a purely provisional basis because the commission had not been able to reach a final agreement. A difficulty that arose in making the distribution was that the machinery employed, that is a commission with members from all of the interested states, was

naturally not beyond the influence of politics. Inevitably the work of the commission took on a political aspect that made it difficult to reach conclusions.

The work with which I had direct connection was the distribution of the shipping on international rivers, and as to that, the peace treaties adopted an entirely different scheme. Instead of creating a commission upon which there should be representatives of all the interested countries, they went to the other extreme of providing that the distribution of the shipping should be made by an arbitrator designated by the President of the United States, so that they entirely avoided the necessity of trying to get an agreement among the interested parties as to what should be done.

In fact, the thing that attracted me to that work, when I was asked if I would undertake it, was that I would not have to get anybody to agree with me. (Laughter). There was nobody who could discharge me; there was no appeal from my decision; so it struck me as a rather agreeable sort of undertaking. The result, I think, justified the wisdom of designating some single person to make the decisions, because the work, although started some months later, was substantially completed long before even a provisional completion could be made of the distribution of the rolling stock in Central Europe. This result was not due to any qualities of my own, but to the advantage of having a single and disinterested individual to make decisions instead of having a commission made up of representatives of all the interested countries.

Now in doing that work, the problems I had to deal with involved, first, a decision as to how much of the German shipping on the Rhine must be given to France, in view of the fact that France, by getting back Alsace-Lorraine, had got an important footing on the Rhine. It was conceived that France should have a corresponding amount of the German shipping. Then similar problems arose as to the distribution to Czechoslovakia of a portion of the German shipping on the Elbe, and as to the distribution of a portion of the German shipping on the Oder to Czechoslovakia and Poland. The most intricate problem of all was to decide how much of German, Austrian and Hungarian shipping on the Danube should be turned over to Czechoslovakia, Yugoslavia and Rumania—

a sort of a six-sided puzzle. It was complicated by the fact that in the last days of the war a great deal of German, Austrian and Hungarian shipping which was moving up the Danube, trying to escape the approach of the Allied armies which had come in from Saloniki, was seized. The American arbitrator had to pass on the validity of such seizures and decide how much the capturing countries were entitled to keep. Those problems were worked out, distribution was made, and as I say, by reason of the fact that a single person could make the decisions, they were made with reasonable promptness.

Then the situation settled down to the more permanent difficulties. The changes brought about by the war produced problems of a much more lasting character and which could not be solved by the mere distribution of transportation equipment but called for continuing attention. It happens that I had some opportunity during last year to see further how these more permanent influences of the post-war readjustment were still burdening certain phases of the transportation situation in Europe, because the League of Nations asked me to make an investigation of navigation conditions on the Danube and the Rhine and I spent the greater part of last summer in that work. I would like to mention a few of the points that came to my attention then, because they illustrate conditions which have arisen all over Europe in one way or another with respect to transit, both by rail and water. My own investigations last summer, however, related primarily and almost exclusively to the water problems.

The Danube situation called for the greatest study. Before the war the Danube was largely in the territory of a single political entity and that was the Dual Monarchy of Austria-Hungary. The territory from Passau at the frontier between Austria and Germany down to Orsova, which was in the eastern part of Hungary, was all in Austria-Hungary prior to the war, and thus was within a single toll union or customs union, so that there was a kind of free trade approximating that which we have within the limits of our own country. That was a distance of nearly 1200 kilometers and before the war commerce could move back and forth within that limit without having to cross frontiers which had customs duties or serious formalities. Since the war that condition has been entirely

changed. Whereas before the war a cargo could pass from a point just below Passau on down to Orsova without passing any customs boundary, at present that cargo passes out of Austria into Czechoslovakia and out of Czechoslovakia into Hungary and out of Hungary into Yugoslavia and out of Yugoslavia into Rumania, and at each of those crossings of a frontier there are separate sets of conditions and distinct formalities as to customs and methods of examination which have proved to be a very serious embarrassment in the development of transportation by the Danube.

In another respect the condition has changed in a very fundamental way. Before the war, practically all the shipping on the Danube, aside from that of Rumania, on the lower river, was under the control of the principal Austrian and Hungarian companies, which worked in close cooperation. There was a German company which was beginning to develop but had not yet become very important. After the war, on account of the creation of these new sovereignties, we had the situation that I found last summer. There is now a German company, an Austrian company, a Czechoslovak company, a Hungarian company, several Yugoslav companies, two or more Rumanian companies, both I believe operated by the state, a Dutch company, and a French company. All those companies have acquired shipping and are operating on the Danube. There has been an immense amount of duplication of effort and that has contributed to the transportation problem.

Another feature closely connected with what I have said as to the Danube is that, along with the creation of all these different states, there has been an enormous development of intense nationalism. Each one of these countries is naturally bent on trying to become sufficient unto itself, so that it can protect itself and support itself, no matter what untoward international events may come about. The result is that very high protective tariffs have been established, and consequently the industries which had been built up before the war to serve a wide area are now confined to their new home territory, which is much more restricted, with the result that a part of the old industrial plant is being wasted because it is not being used and at the same time new industries are being created in some of these new countries to take the place of the industries that are wasting in the older locations.



For example, before the war Budapest was one of the greatest flour markets in the world. It had an enormous area from which to draw grain. It had an enormous area in which to distribute flour without encountering customs barriers. At present the area from which the Budapest mills can draw grain is greatly restricted and the area throughout which they can sell flour is very much more restricted, so that the flour milling plant which was created in Budapest before the war cannot be used to its capacity and in other Danubian countries they are now developing flour milling plants in order to provide the flour which formerly was provided from those at Budapest.

That is just an instance of innumerable problems that have arisen since the war that have affected the commerce of those countries, decreased the total commerce, and, consequently, to a considerable extent, upset the methods of transportation, as well as the quantity of transportation. In 1923 the amount of traffic carried on the Danube was only a little above half of what it was in 1911, showing how the region has suffered in the interchange of goods and passengers by reason of these restrictions which were the inevitable outgrowth of the conditions growing out of the war.

Now I am not one of those who spend time in lamenting the existence of such conditions or in claiming that a great mistake was made in creating these different countries. My own opinion is that those new countries just grew up out of the conditions which produced the war. When the war was drawing to an end the several nationalities along the Danube were beginning to assert themselves as separate countries just because the old scheme had broken down. Nobody can be charged with fault unless we can say that those who had established the old régime were to be blamed. It is hardly practical to debate how far this situation falls short of being perfect or how much better it might have been. It is a situation that exists; it is one which was the logical outgrowth of the war, and I am mentioning it simply because of its direct bearing upon the transportation problem.

Before the war Rumania had a very large surplus of grain to be exported to foreign countries. Since the war, although Rumania has acquired a great deal more territory and much of it very important agricultural territory, it appears that



Rumania has less grain to export than it had before the war, and that greatly affects transportation on the Danube. There are two or three different reasons for that, rather interesting reasons. For one thing, they say that the distribution of the land, the breaking up of the big proprietary estates, has cut down the production because the production is now on a more unscientific and fragmentary basis than it was before. Another thing they say is that on account of the war and the experiences that the Rumanian peasants had in the army, they have gotten more in the habit of eating white bread and they want to keep it themselves; there is not so much of a surplus of marketable grain as there was before the war. Another reason is that Rumania, in attempting to meet the difficult situations that have confronted it since the war, has resorted to quite extreme measures of prohibiting the export of grain at times. Such measures must have discouraged the production of grain, because they have forced the grain to be sold at home for very small prices which have been unattractive to the farmers.

These facts are just illustrative of the things that are going on all over Europe. It would be impossible in any reasonable length of time even to catalogue the disturbances which the war has made in the methods of life and business of the people. Such conditions have far-reaching effects upon international transportation.

Another feature of these problems is the burdensome formalities that have developed at these frontiers. I might illustrate that by what is perhaps the most extreme instance I have found on the Danube. A cargo going, say, from Budapest in Hungary to Belgrade in Yugoslavia, has to cross the frontier between Hungary and Yugoslavia. Just before it crosses that frontier there has to be a customs inspection and a police inspection and a sanitary inspection at the Hungarian station at Mohacs. Then the boat proceeds downstream about twenty-five kilometers and it finds on one bank the police officers of the Yugoslavian Government and on the other bank the customs officers. It has to go through these formalities again, and perhaps it cannot get the police officers and customs officers to conduct their inspection at the same time. It is frequently the case that boats representing perhaps a considerable in-

vestment and operating cost lose an entire day or more just through the formality of that double or treble inspection. Now I think that is a temporary condition. Both countries have indicated their entire sympathy with a plan to consolidate those stations and to simplify the situation, but this proposed consolidation is one of the numerous things that have not yet been achieved. Yugoslavia after the war was confronted with the stupendous task of reconstruction, largely of its railroads, and of organizing its government to administer much more territory; and it has not been possible to get around to all the problems which grew out of the war, even though they cry for amendment and reform.

On the Rhine the situation was much better organized and there were fewer problems. I was greatly interested to find that, as far as the navigation people, German, French, Belgian and Dutch, were concerned, the thing that seemed to cause the greatest difficulty was the excessive railroad competition, growing to a substantial extent out of national policies.

For example, it seems that Germany had more and more committed herself to the policy of preferential railroad rates which encouraged traffic to move through the German ports on the North Sea instead of through ports along the Rhine, and that policy had proceeded to the extent of substantially cutting down the movement of traffic on the Rhine. It was also interesting to note that the Rhine shipping interests of each country thought it was the railroad policies of other countries that were largely responsible for the adverse effects on Rhine traffic. The various shifts in the policies of railroad rate making were largely the outgrowth of post-war conditions.

These things I mention just as illustrative of international problems in Europe which have come in the wake of the war.

Having given those illustrations, I want to emphasize that these problems are receiving a very high degree of intelligent, sympathetic attention from the Secretariat of the League of Nations. They have a Transit Section which is constantly studying these matters with a sincere desire to find solutions.

When I went to Geneva to take up this investigation it interested me enormously to find there in the Transit Section a group of men who were not thinking about this thing from

the standpoint of any one particular country but who were thinking about it from the standpoint of the common good of Europe. Their aim was to develop transportation, so it would be the freest and the least subject to interruption possible. I believe this is one of the very most important aspects of the work of the League. In this country we do not adequately realize that the existence of the League has developed an international sentiment, an international sympathy and, on the part of these experts who are spending their time there studying these matters, a desire to promote the general good. I believe that by degrees these men, studying this problem and that, and using their influence to improve conditions by degrees, will have a tremendous influence in getting rid of the difficulties which the war has left behind it in such indescribable numbers. They are doing this all the time. They send their representatives to different places to make investigations, and, as far as I could see, they show an amazingly international, well-balanced spirit, sympathetic to all countries, primarily actuated by the motive of trying to improve international relations, clear away the difficulties, and promote the freedom of transit in Europe.

While the obstacles to reasonable freedom of transit over there appear almost insuperable when tested by our standards, I believe we can at least derive a substantial measure of comfort from the belief that there is in the Secretariat of the League a competent and sympathetic group of men who are doing their best all the time to solve these problems and to promote the welfare of Europe—and that means to promote the cause of peace in Europe and in the world.

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## TARIFFS AND TRADE BARRIERS AS OBSTACLES TO INTERNATIONAL GOODWILL

HERBERT C. PELL, JR.

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**W**ARS among nations are not isolated phenomena; they are not fortuitous events; they do not come like meteors unheralded from another sphere. They are the consequences of the conditions which precede them, and those of us who wish to do anything to insure the continuance of a normal condition of peace must first study the circumstances which make wars possible and investigate the roots of the hostility which at last makes them inevitable. Like other menaces to the health, happiness and contentment of humanity they can be permanently abolished only by the suppression of their causes, and it is well for us seriously to consider what these causes may be—to follow the same course that would be taken by a group of physicians anxious to prevent the outbreak of an epidemic or of underwriters attempting to lessen the danger from fire or from explosion. The doctors would not confine themselves to the generous distribution of medicines, but would consider the drainage and water supply system of the community and the carrying possibility of the illness which they were investigating. The underwriters would not limit themselves to an effort to prevent the occurrence of sparks, but would try to prohibit the accumulation of vast stores of explosives in places where sparks might occur. In international relations sparks cannot be prevented, but a great deal can be done to prevent the accumulation of static hatred ready to explode at the first excuse.

There is in every part of the world a certain dislike of foreigners or of outsiders and of their customs. There is throughout this country a feeling of dislike for the city of New York. In the South you will find that little good will be said of the Yankees. New England despises the rest of the nation. The average country man does not care for his urban

fellow citizens. This distaste seems innate, but unless it is artificially strengthened it will act more as a stimulant than as a menace to peace and to prosperity.

Naturally no one will arouse hatred merely out of deviltry, and certainly no expensive propaganda of hate, malice and suspicion will be organized simply to vent spleen. No one will, just to satisfy spite, organize an anti-New York movement in the South or an anti-Western movement in New England.

The dislike of foreign peoples is, however, fostered in this and in other countries by a very expensive organized propaganda supported by individuals who expect to get a profit from some special privilege granted by their government, usually in return for political contributions, but ostensibly to protect the people from some foreign bogey set up by the propagandist. It is perfectly obvious that no politician would dare to go to any community and seriously suggest the advisability of adding an extra twenty-five cents to the cost of every cotton undershirt worn throughout the United States in order to provide the mill owner with a handsome villa or a Rolls Royce. Such talk will not go down; so we find every manufacturing district harried continually by cunning orators—the servants of the interests which hope to profit by hate—who are ready at all times to ply their trade. A meeting at Lowell, Massachusetts, will be told that the British, and especially the people of Yorkshire, are devils spending their lives in the effort to bring about the ruin of the fair city of Lowell. At the same time in England, cotton barons, as desirous as our fellow countrymen of unconscionable profits, are employing men to stir up hatred against the contriving and extortionate Yankee.

In a political speech delivered in London I heard the American steel manufacturers held up for public hatred as (at home) an eleemosynary group, who, rather than have their men idle and see hardship among their employees, will continue to manufacture at a great loss to themselves. The English audience, however, was told that the charity of these philanthropists was strictly for home consumption, and that once they looked across the border they took off their halos and put on horns and tails. In their black councils there was plotted the ruin of the city of Sheffield, the destruction of all the English

iron industry, and the audience was seriously told that back of this nefarious scheme was the whole body of the American people. In fact, these English electors, without much knowledge of foreign affairs or of conditions in other countries, were told about the United States exactly what the people of the United States are being told about the people of England—what we hear about the city of Lyon if we go to a political meeting in Patterson, New Jersey, and what we would hear of Patterson if we went to a meeting at Lyon. It is quite true that none of these politicians, and certainly none of those who employ them, are consciously desirous of war, but each one feels that his own game can be improved a great deal at an apparently small public cost. They believe that a little local suspicion and dislike of foreigners is unlikely to have much effect one way or another on great international questions and it may be of real use in justifying their legislative servants in voting them special favors. Each one is doing his bit to add to that explosive mass of hatred, which, if it be great enough, may at the coming of a spark result in a tremendous catastrophe.

In 1914, at Sarajevo, Franz Ferdinand was shot. Here was a little enough spark, but the explosives piled up by generations were so powerful that their detonation cracked civilization to the bottom. Only last year an American Consul was killed in Persia by a mob. The Persian Government might have done much more than it did to protect our representative, but we did not see this country traversed by rioters ready to tear the flag from Persian Consulates or to lynch itinerant carpet venders. As an excuse for war this was far more valid than was the murder of the Archduke. The spark was bigger but there was no explosive lying around. The American manufacturers of fur coats had not aroused the country to the iniquities of the unborn pauper lambs of Persia. Our people looked down on the Persians in much the same way that the Persians looked down on us, but this feeling had not been artificially stimulated by American manufacturers, and the incident passed off in peace.

One of the most important lessons of the war which has hardly been considered by the public is that drawn from the unity of Germany and of Italy. Less than fifty years before 1914 Prussia and Bavaria were at war. The king of Bavaria



in 1914 carried a Prussian bullet in his body. He came of a people and of a family which had been great in the councils of Europe at a time when the Hohenzollerns were nothing but petty robber barons and before Prussia existed, and yet after the most stunning defeat experienced by any great nation in recent years, with the shattering of all the governments of Germany, there has been no serious move to revive the independence of Bavaria which had given queens to France and emperors to the Holy Roman Empire at a time when the steward of the French King would have disdained a Hohenzollern bride and when part of the imperial duty was to extend civilization into that territory that is now Prussia. Saxony has a proud history. The independence and courage of the Hanse towns illuminates the Middle Ages, and yet the new German nation survived its first government.

Italy, too, remained one nation, and yet from the 13th century till the year 1860 in no Italian book will you find any reference to the Kingdom of Naples, to the Kingdom of the Two Sicilies. It is always just "The Kingdom"—"*il regno.*" The rulers of this Kingdom had been emperors of the West when the Counts of Savoy were petty French noblemen. The Republic of Venice was a great power in the world when Savoy was a den of thieves. The ancestors of the present King of Italy were no more than freebooters during that epoch which made Florence the financial center of Europe for centuries and the artistic inspiration of the world for all time; and yet, in all the stress of the present day do we find these small nations of Italy looking back to their separate glory? We find the same feeling of unity here that we find in Germany; and why? For more than half a century there has been no private profit to be gotten in Berlin out of popular hatred of Bavaria or of Hamburg. The manufacturer in Milan would gain nothing by hiring politicians to vilify Naples. The hatred which for centuries had made Germany and Italy little more than cockpits is dead. A Berlin brewer cannot ask for protection against the pauper hops of the wicked Wittelsbach, so he either makes his beer cheap or good or goes out of business. The Chianti district cannot rush to Florence and ask for protection against Asti. The result is that both in Germany and in Italy very real and independent nations have been actually fused together.

On the other hand let us consider the case of Savoy and Nice. At the same time that Naples, which was one of the oldest countries in Europe, was added to the possessions of the House of Savoy, Savoy itself, whence sprang the race of the present kings of Italy, and Nice, their first seaport, were ceded to France. To-day, Savoy is as French as Touraine; Nice is as French as Marseilles. The manufacturer of perfume at Cimiez, who seventy-five years ago would go to Turin and try to arouse hatred against the manufacturer who operated twenty miles west of his plant at Grasse, is to-day in partnership with the man from Grasse, sending a representative to Paris to ask for some restriction on the trade of his erstwhile fellow countryman from San Remo.

It is worth remembering that what happened in the 19th century to Italy and to Germany is only what happened to every other nation in Europe at some earlier time. What is now France was once several independent states. Provence, Dauphiné, Brittany, Burgundy, Aquitaine, Normandy and Anjou were absolutely independent of France and of each other. Spain was divided into many little free peoples. These many states actually coalesced, and it is worth remembering that the nations of Europe became solidified within themselves only as they did away with internal economic barriers. So far as I know there are only two cases in which separate nations have been united and these economic barriers done away with that the union has not been permanent. I refer to Norway and Sweden, which remained together almost one hundred years, and to Belgium and Holland, which separated after fifteen years. Except for these cases no independent governments have ever coalesced and destroyed the tariff wall between them and ever afterward willingly separated. On the other hand no alliance in which the economic barriers between the contracting nations were maintained has ever outlasted the crisis which brought it into existence.

We are forced to the conclusion that the greatest cause of war is the propaganda of hate engineered by manufacturers anxious for immediate private profit gotten at they care not what ultimate cost. This private privilege to plunder they get from politicians not too proud to peddle percentages to contributors and who hide their sordid traffic back of a smoke

screen of hate raised for the purpose. Tariffs, not armaments, are the cause of war.

We can study this question in the United States itself. This country to-day is the biggest free-trade area in the world. It is the largest and most divergent economic unit. We can afford much local self-government because we know that our fundamental unity is not being attacked by subsidized propaganda. There is, of course, a natural and healthy regional rivalry. There are local prejudices which, within bounds, do more good than harm, but there would not be sufficient profit in arousing sectional hate to make it worth while for any business man to pay the expenses of such a campaign of propaganda. The man who runs a greenhouse in New York State cannot go to Albany screaming for protection against the sunlight of Florida. He will make no profit out of vilifying California. He must either run his business efficiently or get out. He cannot arouse public hatred to cover his incompetence. That is the reason we do not have the press disseminating internal hate. It is the reason the subsidized politicians at every state capital are not occupied in abusing their fellow countrymen; but the fact that suspicion of other nations can be made the source of private profit is the only reason why there is a regular organized propaganda of hatred and distrust here and in every country of the world.

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## THE PRESS AND SOCIAL SAFETY

EDWARD PRICE BELL

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**W**HENEVER I think of the question of social safety in the United States — whenever I ask myself whether we are, or are not, free from the menace of revolution in this country—my mind instantly turns to the American press. I ask myself, "How well is our press serving our people?" I ask myself, "Have we, or have we not, a press as good as it ought to be?"

Whenever I think of the question of social safety in the world at large—whenever I ask myself whether the property and the lives of the nations are, or are not, safe—my mind instantly turns to the international press. I ask myself how good this press is. I ask myself whether it is, or is not, worthy of its peculiar, its tremendous, its sacred mission.

You all will gather, therefore, that I place the press and social safety—place journalism and peace, whether the peace be national or international—in close and vital apposition. This I most indubitably do. If a nation's press be bad, I do not think its political and social institutions can be safe. If the world's press be bad, I do not think the world's peace can be safe. Good newspapers and good human relations, a sound press and a stable society, I regard as inseparable.

Now, assuming that this point of view is correct; assuming that this premise is tenable; assuming that as goes the press of a nation so goes the social well-being of the nation, and that as goes the press of the world so goes the peace of the world, it follows that students of journalism are equipping themselves to play a part in a formidably responsible profession. My belief that they so are equipping themselves, and my further belief that journalists always can profit from taking counsel together, account for my venturing to address you to-night.

Surely this view of the press makes it surpassingly interesting. Seen as I am asking you to try to see it, it becomes a mirror, a fascinating mirror, a mirror in which the keen eye

may catch a glimpse of the movement of human destiny. What do you see when you look into the mirror of the American press? Remember, in a sense, you are examining your own lineaments there. Remember you are looking at yourself and your compatriots, at your emotions and theirs, at your convictions and theirs, at your morals and theirs, at your thoughts and theirs, at your words and theirs, at your actions and theirs—looking at these things, and saying to yourself, "What do they all mean?"

Let us get down to hard-pan in this matter. What do we think of our spiritual and intellectual physiognomy as we see it in our newspapers, magazines, and reviews? Do we like it? Is it a handsome face? Is it a noble face? Are there lines there speaking of health, of purity, of greatness, of wisdom, of sympathy? Are there lines there speaking of a heart void of greed and scorning danger in the path of duty? Are we a people traveling the right road at home, and thoroughly unashamed to look the world in the face? What, in a word, is our opinion of this journalistic image of our national soul?

As for myself, I see many things in this composite, this very wonderful picture. Some of these things are encouraging. I see lines of high intelligence. I see lines of great nobility. I see strong lines, clean lines, tender lines. I see lines of infinite intrepidity. And I see a beautiful light in the picture. It is the light of friendship, of compassion, for others—even others of a hue of skin not ours, of nations to which we do not belong, of creeds in which we do not believe. Peculiarly splendid is this light. It is the light of humanity.

All these things I see in the picture, but I see others. Sometimes I see so many others that they appear for a time to blot out everything I just now have been trying to describe. I see lines of gross stupidity. I see incredibly mean lines. I see lines of weakness, of filth, of brutality. I see lines of ignorant politics, of debased politics, of impudent politics. I see lines of duly-constituted authority hand in hand with crime. I see lines of prestige and power indifferent to the public weal, strategically, resolutely, pitilessly bent upon their own errands. Timidity I see. Cowardice I see. And, instead of that most beautiful light in all our world—the light of humanity—I see the glare of a narrow, an avaricious, an insensate, and a disastrous nationalism.

Every one of these things looks forth from our national portrait as revealed by our press. What are we going to do about it? What can we do about it? If the situation is to be put right, let me say to you that the task will fall mainly to the newspapers, magazines, and reviews of this country. They, and only they, hold the weapons of victory in such a struggle. Others can help. Statesmen can help. Religious and educational leaders can help. Public-spirited citizens of both sexes and all classes can help. But, when the great, resistless operation against wrong in America is under way, it will be led by journalists, and spear-headed by journalists, and journalists will form the backbone of the fighting troops.

That is the position. And why is it the position? It is the position because this war, like all great wars, is going to be won on the home front, and the journalist is the only person who can make the home front solid, and keep it solid. Who else's communications reach the home front? Nobody's. Journalism's voice resounds everywhere, in every city, town and hamlet, among the hills, on the plains. Journalism can make all our people hear. It can make them feel. It can make them know. It can make them think. It can make them fight.

It is just here that we begin to get into the heart of what one means when one says a country with a bad press is in a bad way, and a world with a bad press is in a bad way. How well is our press serving our people? Have we, or have we not, a press as good as it ought to be? Are our public prints doing all they can to safeguard our liberties? Are they doing all they can to make our democracy secure? Do they envisage, do they understand, our living nexus with other nations? Do they know that world prosperity is our prosperity, and world peace our peace? How great are our public prints, anyway?

Such are some of the questions I would press home to your consciences and your intellects. Of all men in the world, newspaper men should be the most wide-awake. It is they who stand upon the bridge. It is they who command the searchlights. It is they who never sleep. If they be not sharp-eyed; if they drowse on the job; if they be not loyal; if they be not fearless; if they be seamen unworthy of their trust, then, I ask you, what safety can there be for the ship?



"But," some one may say to me, "our American democracy is a tried democracy. It has weathered heavy storms. Its future is no longer hypothetical." And this same person may go on to remark: "World peace, too, is assured. Neither governments nor peoples ever again will contemplate war. They know all about war now. They know how mad it is. They know how horrible it is. We are living in an era quite different from that before the big German guns began to thunder at the gates of Liège."

How many of you believe that? I say to you that democracy throughout this world is on its trial, and nowhere more certainly than in the United States. Our democracy is very far from perfect. If it were perfect, or anything like perfect, we should have much less cynicism than we have, and much less blatant ignorance than we have, on the floors of our state and national legislatures. If our democratic system were not working imperfectly, and in some respects abominably, we should not see justice polluted and paralyzed, and the beast in man running as free as it is, in many parts of this country.

As for the peace of the world, it is notoriously insecure. Great and honest men are striving to make it secure. In the years since the war—the past eight years—more consecration, more moral energy, and more intellectual capacity have been put into the peace movement than in all the previous course of history. Prodigious have been these efforts, and prodigious is the honor due those who thus have lavished their renown, their character, and their intelligence in the premier cause of humanity. But world peace still trembles in the balance. Peacemakers are only on the threshold of their labors.

Touching the national aspect of our subject—the relation of the press to the existing social order—let us glance at recent Italian history. Democracy in that historic kingdom is extinct or in abeyance. Mussolini, Italy's man of the hour, pronounces parliamentarianism a failure. He declares it did not serve Italy's true interests—led to rascality and incompetence in Rome, broke the solidarity of the nation, crippled industry and commerce, prostrated the country's finances, and threatened 40,000,000 people with famine.

Whether Mussolini is right or wrong does not concern us in this discussion. What concerns us is that Italian democracy,

at least for the time being, has gone by the board. In other words, the press of Italy, the journalism of Italy, failed to preserve representative institutions in the peninsula. It did not make them work. It did not arouse the people. It drowsed on the bridge until the ship of Italian popular rule drifted upon the rocks. I do not say that Italy has less liberty under Mussolini than it had before him—he asserts it had *no* liberty before him—but I do say that Italian democracy, as we understand democracy, is in ruins.

In Spain, also, the press failed to avert a military dictatorship—failed to preserve or attain the liberties of the people in the only way we consider effective for such a purpose. Look at Russia. No press there—or, at all events, no press deserving of the name—and no liberty. In the very nature of the Russian situation, Russia cannot have the liberty of democracy, for Russia has not the popular education essential for the functioning of great news and critical publications. Russia's masses, at this time, are beyond the help of journalism—sunk in illiteracy—whatever the future may hold for them.

Great Britain, birthplace of modern freedom, is at this moment the arena of a battle royal in the sphere of political and social controversy. Communism, though weak, is in the fray. Socialism, by no means weak, is in the fray. Liberalism, shorn of much of its traditional glory, is still holding on. Conservatism, watchful and embattled, is in the citadel of power. Who will win? Will the ancient parties of British democracy pass into the category of political stories that have been told? I make this prediction: If the freedom of democracy survives in Great Britain—and I have not the faintest doubt it will—it will survive by virtue of the conviction, the alertness, the militancy, and the brilliance of its press.

Failure of the press in nations is failure of democracy in nations. Failure of the press in the world is failure of peace in the world. Not long ago, in the Official Residence, Tokyo, I was talking to that greatest of Asiatic diplomats, the late Viscount Kato, Prime Minister of Japan. This is what he said to me about journalism: "Food, water and air scarcely affect human life more widely or essentially, for newspapers afford spiritual and intellectual sustenance for the masses of the world."

And the statesman-philosopher added: "Pure newspapers, informed and honest newspapers, generous and fearless newspapers, it probably is not too much to say, would insure the moral and mental health of nations; and nations morally and mentally healthy would have no desire to go to war." That is something for every journalist to ponder. It points out his solemn duty. It tells him to be pure—pure in his motives. It tells him to be informed—to learn the facts. It tells him to be honest and generous and fearless, and holds out to him the ineffable reward of the peace of mankind.

Journalism's greatest failure since it appeared on the stage of human affairs was its failure to prevent the World War. Was such an achievement at all within the domain of possibility? Well, if it was not, it might have been. If the press of Europe had been great enough—as well informed and honest and sympathetic and fearless and indefatigable as reason would have dictated—it *might* have been out of the question, and I believe it *would* have been out of the question, for any leader or group of leaders to plunge Europe into war. Europe lacked an internationally-minded and powerful press, long and skilfully organized against war, and war came.

All that, though not its painful and dangerous aftermath, is over now—a tale written in blood and fire and tears. Let us, so far as we may be able, turn that mournful failure to account. Let us be more self-curious, self-critical. Let us be more coordinative and more constructive. We have seen that we cannot take it for granted that free society is safe. We have seen that we cannot take it for granted that world peace is safe. We have seen that great and grave difficulties and hazards attend the political and social navigation of the world.

I am speaking as an American journalist to American journalists. What is our problem? What can we do? Our problem, our vision splendid—a vision perhaps too effulgent for weak eyes—is that of doing our part, and a very great part it is, in making this giant nation spiritually and intellectually worthy of its material greatness and of its moral opportunities in a hard-smitten, groping, half-distracted, necessitous world. If we do this—if we achieve this result—I can tell you that we shall have made popular liberties safe in the United States.

More: that we virtually shall have made certain through the coming years the peaceful progress of humanity.

How can we make of our democracy a real democracy? How can we make it truly great? We can make it real and great by telling it the truth, by supplying it with facts, by making it conscientious, watchful, righteously belligerent, courageous, politically competent. And what does this mean? It means a great journalism. It means a journalism of tremendous energy, a journalism of high culture, a journalism of incorruptible conscience, a journalism with its soul attuned to ultimate altitudes, and its sinews steeled to climb to them.

That is what it means. Is the vision too bright? Are we dealing in the "ideologies" of contemptuous pragmatism? If anyone thinks so, I respectfully would ask him: Are we always to be commonplace? Are we always to be little? Is there to be no pageantry of color, no poetry, in our lives? Are we always to have the mental trajectory of the mole? It is high time, in my judgment, that men lifted up their eyes. It is high time that all peoples, and especially the American people, grasped the truth that every particle of this world's *actual* realism is spiritually founded: that spiritual forces in men's affairs are sovereign.

So I would call all journalists to high conceptions and to a high faith. I would beg them to be great leaders. Great leaders in all walks of life are what the world needs. Do not write or edit your paper down to the lowest in human nature; do all your writing and editing in the opposite direction. Human nature, as we all know, is complex. It is infinitely complex. There is good in it and there is bad in it. In your writing and in your editing, appeal to the good. You will find it, you will call it forth, and in the measure that you do this you will augment the moral vitalities of the world. If some counselor tells you you cannot succeed in journalism without muddying the stream, say to that counselor this: "I like pure water. I will pursue no calling that requires me to muddy the stream."

I wish all journalists could be beautifully educated. As leaders, they supremely need education. True enlightenment is the moral sunshine of our universe—the most efficient psychological disinfectant we have. True enlightenment, to my

mind, issues mainly from Greco-Latin culture, from the ancient classics, from the humanities. I recently sounded some great men on this subject—Marx of Germany, Mussolini of Italy, MacDonald of Great Britain, Poincaré of France, Calvin Coolidge, and Mackenzie King of Canada. Without exception these men were inclined to regard the Greek and Latin classics as embodying the fundamental civilizing essence of history.

Marx said: "Greek and Latin culture is invaluable." Mussolini said: "It is for every people one of the most powerful instruments of civilization." MacDonald said: "It humanizes man and humanizes society." Poincaré said: "The classics are civilization's solidest prop." Coolidge said: "The classics teach the value of the ideal, and only the ideal is real." "All permanent government and all successful industry rest upon the humanities," said Mackenzie King. What faith in idealism on the part of some of the world's foremost realists!

Now I wish to quote a little more from Poincaré, whom I believe to be the most splendid Frenchman of our time, and one of the most splendid Frenchmen of all time. I have been talking to you about leadership. I have been appealing to you to be great leaders, high-minded leaders, leaders disposed to walk in hobnailed boots over any one who would try to make our people mean and make them small. I said to Poincaré, "You favor a leadership of the *élite*?" And he replied: "They are the heaven. They represent spirituality, intellect, culture—very precious things."

And France's indomitable fighting statesman continued: "It is not enough for a people to have farms, mines, railways, machines, money. They must have wisdom. They must have sympathy. Without these inestimable qualities of mind and heart international harmony and world peace never can be obtained. Machinery never will pacify humanity; only acute minds, enlightened souls, and determined wills can do this."

These words I commend to you. They are weighted with truth. Neither time nor tide, neither design nor fortuity, will affect them. It is their spirit that we want to incorporate into the American press. It is their spirit that we expect the young women and the young men of journalism to carry into their



profession as the efflorescence of all their training, study, thought, and conscious purpose. Not all of us, to be sure, can be classicists. There must be among us many who know little or nothing of Greco-Latin learning. But we have the sufficient consolation that the deeper virtue of this learning is not intellectual, but moral. And we all can strive toward moral aristocracy.

It sometimes is said, not flatteringly, that we journalistic folk are people of words. Such we are. We are the world's irrepressible verbalists. But what, after all, is the matter with words? Rudyard Kipling, not very long ago, was a guest of a famous medical society in London, and, in the course of a speech he made, he said he at first had been greatly puzzled as to why the doctors had invited him, but soon decided they had invited him because he was a dealer in "the world's most powerful drug—words." Very remarkable things are words. Was it not a few words whispered by Iago into the ear of Othello that slew Desdemona?

Our critics would have us be taciturn, would they? Well, I have known a lot of mental vacuity to drape itself in taciturnity. Taciturnity is no virtue all by itself. Taciturnity may be a vice; it is a vice in cases of silence where there ought to be speech. If silence is sometimes golden, so are words. Words are not at all, necessarily, such bad things as they have been painted. Idle words, empty words, are bad things, or at least useless things. Malignant words, mischief-making words, are bad things. But words freighted with truth, with beauty, with sagacity, with humanity, with the philosophy of the salvation of civilization—such words are not bad things. Their gold is a finer gold than is the gold of the most golden silence. And it is only words of this character that we are going to have our coming journalists use!

No; we are not going to be taciturn. We are not going to stop using words. Take away from a journalist his words and you take away his job. We are not going to stop using words, but we are going to try to use words with more point in them, with more light in them, with more fire in them—words that ignorance and demagoguery and pettiness and blackguardism in all its forms will like less and less. Why, my fellows of the pen, the whole question of what we shall be



able to do—the whole question of what sort of effect we are going to have upon the morals and the policy of this country and of the world—this whole question is a question of the words we shall employ, whether false or true, weak or strong, dull or brilliant.

What are great publishers and editors? They are the field-marshals and generals in command of the warring hosts whose tanks and artillery and machine guns and rifles are words. One of these high general officers I will mention. He is the new publisher, the new generalissimo, of *The Chicago Daily News*, that famous national and international paper into which the late Victor Fremont Lawson coined his genius and his life. I am speaking of Walter A. Strong, young, big in body, big in heart, big in brain, and, unless my judgment be wholly at fault, in the opening stage of a big career.

My reference here to Mr. Strong is a reference to a symbol. To me he is a symbol of hope. To me he is symbolic of a new, a larger, a more imaginative, a more beautiful, a more creative, and a more commanding journalism. It is quite impossible to think of poor journalism, of low journalism, of money-grubbing journalism, of journalism morally and mentally sterile, issuing from personalities like that of Mr. Strong. May his like increase! America needs them. The world needs them. Not a moment too soon can they come full-panoplied into action.

These new men, these Walter Stronges, of our profession will be greater than the greatest of their predecessors for just one generic reason: they are greater artists than their predecessors were. Will they, then, be poorer business men? They will be better business men, for the best business men in newspaper production are those whom the mystery of heredity has endowed with artists' gifts.

Buying and selling newsprint are by no means the alpha and omega of journalism. All the difference is made by what goes on the newsprint, and here we find ourselves in the sphere of emotion, in the sphere of imagination, in the sphere of mind, in the sphere of art. I venture the prophecy that no publisher will reach the first rank in the dawning era unless he shall have had his draft at the fount of the muses.

Ramsay MacDonald, then Prime Minister of England, said

to me as we talked in his room at the House of Commons: "What the world needs more than it needs anything else is a political and social Shakespeare." I quite agree. I wish the world had a political and social Shakespeare, and I wish he were a newspaper publisher. That would be his ideal field. It would give him an unparalleled opportunity. If he needed some technical aid on the business side, on the editorial side he would be supremely competent. He would understand the instrument upon which he was playing—the many-stringed instrument of the sensibilities and powers of writing men—and is it too fanciful to suggest that, Orpheus-like, he would charm wild beasts and move trees by his music?

Poetry. That is what your great publisher needs. Shakespeare was the supreme poet of humanity because he was humanity's supreme humanist. No publisher, no editor, can be great unless he be a great humanist, for from beginning to end his problem is a problem of humanity. He not only must understand his staff—understand how to get out of it all there is in it—but must understand the public.

I give it you as my conviction that many editorial chairs creak under their load of misunderstanding of the public. Occupants of these chairs think the public is shallow. It is deep. They think the public wants trash. It wants the best that is known and thought in the world. Movies are all right in their way. Jazz is all right in its way. Comic strips are all right in their way: in moments of exceptional penetration, even I can see the fun in them. But I say to you that all these are light diet. I say to you that we cannot build up a great and safe democracy on movies and jazz and comic strips. Give us these by all means—for we do not want to draw faces over-long—but give us also more of the sentiment and the philosophy and the facts that are pregnant with the fate of human society.

That, such as it is, my fellow writers, is my message. It all comes to this: that we can make our free institutions safe; that we can make our democracy, unlike the democracy of Italy and Spain, work; that we can do our part in the promotion of universal justice and peace—how? Merely by being great journalists; merely by understanding our own mighty institution and our people; merely by honorably and generously and brilliantly wielding our incomparable power.

## **PART IX**

### **AMERICA'S PART IN INTERNATIONAL COOPERATION**

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## INTRODUCTION <sup>1</sup>

THE HON. ELIHU ROOT

Former Secretary of State; Trustee, Carnegie Endowment for  
International Peace

CIRCUMSTANCES which I was eighty-odd years too late to change have prevented me from attending the sessions at Briarcliff, very much to my regret. I am glad, however, to have the opportunity to meet the participants in that interesting and unusual conference at the last stage before they disperse on their way to their homes, to say to them in behalf of the Academy of Political Science and of the Carnegie Endowment and of the great multitude of Americans who are seeking more light and better understanding of international affairs, we thank you; we send with you as you depart our best wishes for your future, and we hope you will come again.

You have been engaged in a great process, a process made necessary by the assumption of power over international affairs by self-governing peoples. The change from autocracy to democracy in the control of international relations is capable of vast improvement making for the peace of the world, but that improvement can come only through the control of well-informed democracies, the control of peoples who are sufficiently familiar with the alphabet of international affairs to reject the suggestions of the demagogue and the incitement of the selfish and intriguing men who desire personal advantage out of international strife.

The lessons of history, both national and international, admonish us that all human progress must be a spiritual progress. Particular controversies, immediate crises, may be disposed of by force or the threat of force, but human progress proceeds only in the spirit of men. The formation of new and better standards of conduct has been the method by which mankind has come from brutal conditions to the larger liberty

<sup>1</sup> Address delivered by Mr. Root as Presiding Officer at the Closing Session, at the Hotel Astor, New York City, May 14, 1926.

and justice of our time, and to that we must look for further progress in the future.

And the essential condition of the improvement of standards of conduct is education, information, the habit of study, the creation of intelligent leadership, of public opinion. The process must necessarily be long and difficult, but it is certain in its results, and a part of that process, a great contribution to that process, you have been making in your conferences at Briarcliff.

No nation in the world needs information and training in international affairs more than this great people in America who have been engaged in the building up of an empire in this vast continent and have until very recently thought but little and known but little about international affairs.

The process necessarily involves standardizing opinions, through the communication by one to another of an understanding of the views, the predilections, the prejudices, the traditions, of other peoples; and the great things that are to be accomplished in human progress in international affairs must be accomplished by that slow, constant dissemination of better understanding among the peoples of the earth. And for what you have done, gentlemen, our guests from other lands, for what you have done in contributing to the understanding of our American people here of other peoples and other thoughts and other traditions and the real problems of international affairs, we thank you most heartily.

It gives me great pleasure to present to you now a great editor of that great country across the sea which has so many bonds of sentiment and feeling with the people of the United States, M. Georges Lechartier, editor of the *Journal des Débats*.



## AMERICA'S PART IN INTERNATIONAL COOPERATION

GEORGES LECHARTIER

Editor, *Journal des Débats*, Paris

I REMEMBER a cartoon published in the American press some time ago which showed Senator Borah and Hiram Johnson grinding teeth, fists clenched and with most ferocious expressions on their faces, driving, at a mad run, a small fire-engine somewhere near the Capitol at Washington. Standing by and somewhat amused, President Coolidge called to them, "Hello, boys! Where is the fire?", to which Mr. Borah cried in reply, "Who said Europe?"

If this cartoon illustrated the true and unanimous feeling of America at present, the question of the future participation of America in international cooperation would have received its answer. I am inclined to think, however, that if this expression of the American feeling toward Europe may be exact in some parts of the United States—in the states of Idaho and California, for instance—it is far from accurate in some other states and most especially in New York.

The best reason I have for this belief is that I, being one of those contemptible little Europeans, am here now and that the reception which I have met since the very first moment I landed on the pier in New York was such, and so kind in all ways, that I can hardly find adequate words now to express my deep gratitude to the organizers of the Briarcliff meeting.

And there is, besides, another reason why I believe that the excellent cartoonist to whom I first referred indulged in some exaggeration. And it is because I feel that I am better placed than anybody else to judge what America can do in the matter of international cooperation in the future, for I know what she has done in the past. That American cooperation I witnessed in Europe and most especially in France, and I appreciate its efficiency in two fields—material and intellectual.

If I were to recall all that Americans have achieved in the matter of immediate and international cooperation in my

country since the Armistice was signed—the anonymous gifts which figure in millions of dollars, lavishly spent for reconstruction in France, the villages adopted and reconstructed by private American citizens, the relief given to the populations of our devastated regions—I would be speaking for hours. But may I not mention specially some of the social work accomplished by the Carnegie Endowment both in France and in Belgium—the library of Rheims, now almost reconstructed, which will house the municipal library saved from the Hotel de Ville just before that monument, built during the 14th century, was burned to the ground on May 3, 1917; the community buildings at Fargniers reconstructed on new, modern and most efficient plans and now in daily use; in Belgium, the library of the University of Louvain reconstructed for the greater part by the contributions of the Endowment. And how many more instances of helpful cooperation in almost every field could be recalled and placed to the credit of the cooperation of America as represented by the Carnegie Endowment!

Now, speaking of intellectual cooperation, shall I recall here again what has been done unofficially by the same great organization during the last eight years? But one has only to look into the annual report of the Division of Intercourse and Education to know what has been accomplished—with the centers created all over Europe, with the lectures delivered by prominent men sent as intellectual ambassadors from one country to another, with the innumerable and wonderfully informed documentary books and tracts published, with the “international mind alcoves” multiplied all over Europe, with the magazines created, with the relations of the nations and the better understanding of its peoples promoted, in brief with the international mind developed everywhere. Looking to these achievements as a whole, it seems that the organizers, trustees and officers of the Endowment can be justly proud of what they have already accomplished. It seems that they can face with all confidence what may remain for them to accomplish in the future.

As to the official cooperation of America, one has only to remember the enthusiasm which greeted, in Great Britain, France, Italy, Switzerland, Czechoslovakia, Holland and all

over Europe, the first and somewhat very reserved steps taken by America toward participation in the World Court, to have an idea of what she will accomplish in that way. It was, indeed, quite symptomatic that not one of the members of the Court—who are lawyers and who says lawyers of course says argumentators—not one member of the Court ever doubted that the American reservations would be accepted with thanks by the whole super-judiciary and most honorable body. It was quite symptomatic that the president of the Court, when interviewed by newspaper men at the time of the American adhesion with eight reservations, went so far as to announce publicly that should one of these reservations present some annulling character, as sometimes reservations do, America would not be asked to modify the reservation but rather the rule of the Court would yield to the American reservation.

In fact America has already done more for Europe, so far as social and intellectual cooperation is concerned, than Europe expected from her. I would add that, acting thus, America has but followed her traditions of social progress, as it has long been customary for her to excel the older nations in all old ways when she had no chance to open new ones.

What cannot be expected from America if she only chooses to follow the lead which she herself has so precisely and generously indicated? What cannot be expected if she decides to turn her unlimited energies finally toward the great and yet little explored field of international cooperation?

I have said that there were some fairly good signs that America would soon, and in spite of some formal, let us say psychological, difficulties as regards the too neglected League of Nations, become a definite member of the World Court. The best way of cooperating still more closely in international affairs would be of course to join the League. Without indulging too long in dreams, we may remark that the privileged position which America occupies now among the other nations of the world, her great power in men, wealth and ideals, her straightforward and unprejudiced mind, would afford to the League a new, immeasurable and decisive moral strength—which is now badly lacking—and confer on America as an arbiter in eventual conflicts a unique opportunity to maintain, under any circumstances, the dearly acquired and actually too fragile peace of the world.

May I now suggest that we, who have attended the Briarcliff meeting, have just contributed somehow to that once apparently chimerical achievement; that we, studying in all good will and sincerity the most urgent international problems, and those which can bring most trouble and misery to mankind; that we, trying to find by common agreement a way out of the many and apparently inextricable difficulties which those problems present, have acquired simultaneously better understanding on many subjects and mutual esteem.

Aristotle says somewhere that the true source of friendship among men resides in cooperation in a common task; most of all, a noble and inspiring task. For that cooperation requires nobody to renounce being himself, but it makes all participate to the benefit of the common labor. And the act of working together creates mutual esteem and gratitude among all. The task which we have been pursuing is, above all, noble and inspiring, and what we have now realized in mutual esteem and friendship as individuals, nations can and will realize some day, on both sides of the Atlantic, thanks to the international cooperation of America.

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## AMERICA'S PART IN INTERNATIONAL COOPERATION

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NO foreigner invited to occupy the space of fifteen minutes in laying down a foreign policy for the United States could fail to feel that he had before him a highly exhilarating exercise. I do not propose, Mr. Root, to take full advantage of my opportunity, because I am of the opinion that the foreign policy of your great country may safely be left in the hands of the constituted and constitutional authorities of the country, though I am bound to add that I have met American citizens who do not hold that conviction with the firmness with which I do myself.

In discussing America's part in international cooperation, it would be mere affectation to pretend to ignore the fact that on the continent of Europe the nations are almost at one in deciding to base their international cooperation on one particular and chosen instrument. This is no question of individual views. The government of Great Britain is pledged to base its foreign policy on the League of Nations; the government of France is equally pledged; even — if I may use the word even — the outgoing government of Germany (and I trust the incoming government equally) is similarly pledged; and so far as signature of the Covenant goes, Italy is pledged likewise. If there has been any similar declaration of policy on the part of the government of the United States, it has escaped my notice.

That is a fact of which I believe full account must be taken. There is, of course, no question that the entry of the United States into the League of Nations would greatly strengthen the arm and reinforce the moral authority of the League, but even without the United States, the League of Nations will continue to go on its way, and I venture to predict that it will continue to fare in the future as it is faring now, at least reasonably well.

In any case, it is my profound conviction that those who direct the fortunes of the League of Nations would do wisely to frame their plans and shape their policy on the assumption that the United States will not at any early date find a place in their ranks. If events prove otherwise, then they will face the non-fulfilment of their predictions with fortitude. If, on the other hand, the forecast is well justified, then there is always a certain satisfaction in accuracy.

In any case, I hope I have made it clear that anything I may say about the possible cooperation of the United States in world affairs does not even in the depth of my mind postulate the active participation of the United States in the work of the League of Nations.

I would indeed venture to go further and enunciate one purely personal view, and that is that I myself hope that the United States will not enter the League of Nations until at least something like 70 or 75 per cent of its population is convinced that that is the right course for America to take. The entry of America by a 51 or a 55 per cent vote would, it seems to me, produce complications highly detrimental both to the League and to the United States itself.

But let us turn more definitely to America's part in international cooperation in the present and in the past. We might, as my predecessor did, make a long list of the great deeds America has set to her credit under this head of international cooperation. I will content myself with recalling simply a few.

It was undoubtedly Secretary Hughes's speech at New Haven, Conn., which set moving those forces which culminated eventually in the preparation and application of the Dawes Report. It was, I think I am right in saying, largely a speech by Senator Borah, delivered at some locality the name of which escapes me but which I have very little doubt exists, that led to the holding of the Arms Conference at Washington in which you, Mr. Chairman,<sup>1</sup> played so distinguished and so fruitful a part.

And one need merely mention the work done in Europe and for Europe by men like General Dawes and Mr. Owen Young and Mr. Parker Gilbert in connection with the Dawes Report, by Mr. Jeremiah Smith at Budapest, by Mr. Morgenthau first

<sup>1</sup> The Hon. Elihu Root.



and Mr. Howland after him at Athens, by Mr. Walker Hines in connection with inland navigation problems, and by many other eminent Americans whose services to Europe and to the world it is a pleasure and a privilege to recognize.

But what I venture to suggest is this, that valuable as those services are, it is not merely by cooperation expressing itself through distinguished individuals that America can do for the world the service that Europe has perhaps no right to ask but even yet continues to hope for and expect.

There have been other forms of American cooperation. May I recall an old and not unfamiliar story about a man who went down from Jerusalem to Jericho and fell in with certain characters of a type with which Europe is commonly supposed to be peopled. You will remember that there arrived on the scene two passers-by. They surveyed the traveler in his misfortune, but they remembered that they had been brought up to avoid entangling alliances, and straightway they continued on their journey. And then another wayfarer came by, and he poured into the traveler's wounds oil and wine, he set him on his horse, he took him to an inn and he even paid the innkeeper for his further sustenance.

I trust that the point of that little analogy is not being lost. I speak in appreciation, not in criticism. America poured oil and wine into the wounds of bleeding Europe without grudging and without stint. Never has there been more splendid charity in the history of the world than that which flowed out from this continent on the morrow of a war to a stricken continent in the East. And yet may I venture to suggest once more that even cooperation expressing itself in such charity as that does not exhaust the possibilities of America's services to the world.

There have been instances of cooperation of other kinds. The American dollar is flowing to Europe in such volume that if it were conveyed in the form of metal symbols, I suppose that the *Leviathan* and the *Berengaria* together would sink beneath the weight of it. And where the American dollar goes the American diplomat must follow, because the American dollar cannot do its work except in conditions of political stability which will enable business to be carried on without let and hindrance. For that service we are profoundly grate-

ful. If we have, as we have, to build up the old waste places, it is far better that that process should be carried on on a basis of business than on a basis of charity.

But once more, not Wall Street but the Capitol and the White House must do their part if we are to see created in the world those conditions of political stability which will enable nations to express themselves freely, to realize their possibilities, to live, in a word, the kind of life which is lived amid such satisfaction and prosperity by the country of which you are citizens.

I venture, with all diffidence, to lay before you the suggestion of the possibility of opening up in thought still further avenues of specifically inter-governmental cooperation. There again I do not pin my faith even in thought to any existing agency. It may be that we shall do better to strike out new roads and to find better methods of expression than any which exist, but I believe those better methods are necessary, and it is the work of such a conference as we have been attending to endeavor to some extent to think them out.

Perhaps I may very briefly indicate what I mean. I believe that more and more the world will come to the conviction that if law and order are to be upheld in the relationships of nations, this principle must be laid down and maintained and defended; that however just the claim of one nation against another may be, that nation puts itself irrevocably in the wrong if it endeavors to support that claim by war. And from that there follows another necessary corollary—if a nation should so break the peace for its own interested ends, then in one way or another that nation must be restrained and disciplined.

Now, I have been venturing to put to myself the question, and (though this requires more temerity) perhaps I may venture to put to you the question: What would be the argument of a nation which did intend deliberately for its own selfish ends to break the peace? What would be its view of the probable attitude of the United States of America in the matter? Is it possible, I wonder—I am merely thinking aloud as I address you here—that such a nation would argue somewhat thus: "If we pursue our ends, if we defy law and order, if we break the peace of nations, we know that the overwhelming

sentiment of the United States would be against us, but, after all, what matters is not what the people of the United States may think but what the government of the United States may do. There sit on the Capitol Hill ninety-six great men and good, but half of them, thank God, are Republicans and half are Democrats, and by the time they have finished talking politics and got to talking statesmanship and have evolved their conclusions and have accommodated those conclusions to the views of the eminent man who sits at the other end of Pennsylvania Avenue, by that time we shall have been able to create the *fait accompli*, and against the *fait accompli* neither man nor devil can contend."

Moreover, is it possible that the argument will proceed a little further? Is it conceivable that such a state will say: "We do not believe that in any case the United States is going to take responsibility in a matter such as this. The United States has its traditions of isolation. It may disapprove of our action, but it will lift no finger to prevent it." Is it conceivable that into the calculations of such a possible law-breaker considerations like that may enter?

If, Mr. Chairman, I am not indulging unduly in the freedom you have granted me, may I ask one further question, because I do not believe you would want me to come here and keep silent about questions which are in fact being asked in Europe? It is not merely a question of whether the United States would refrain from helping; it is a question of whether the United States would actually hinder. If such a condition arose as I have tried to outline, if the law-abiding nations of the world felt compelled to discipline a law-breaker by whatever means came first to hand, if they found it necessary to bring pressure on that law-breaker, to isolate it temporarily, to interrupt its trade, would the United States say: "No, I have no part in this. My ships shall not be stopped on their errands. I will continue to revictual and comfort this nation even though I am convinced, as the nations of the rest of the world are, that it is a law-breaker and a criminal"?

Mr. Chairman, I am merely asking these questions. I am putting to you the questions that I am putting to myself. The last thing I would desire to do would be to come here as a critic. I am merely a humble but zealous seeker after infor-

mation. I trust I have not exceeded the bounds permissible to one who has enjoyed hospitality so lavish and so welcome in the last few days. If that be the case, may I in closing say one word specifically as an Englishman?

No Englishman who has been in this country even for a fortnight, still less one who has seen, as I have believed I saw, the whole public life of America pulsating with sympathy for my country at a moment when it was being tested by a crisis which tried every fiber—no man who has lived in America at such a moment as that can fail to realize that despite certain superficial differences, despite those little bickerings which, after all, add a certain zest to our companionship, there are certain things unseen, deep-seated and firmly rooted, which make a fundamental union between your nation and my own. Our ways, after all, are your ways, and our thoughts your thoughts; and trying to gather together the reflections that have been in my mind and which I have tried so inadequately to lay before you, I have felt that Great Britain and America may still have a common task to discharge in the world. There is talk sometimes of an Anglo-American Alliance. I am convinced that any such open alliance as that would be a profound mistake. It is not needed, for one thing. For another, it would call for an answering alliance. But the common task is there, and surely the common purpose is there also. And therefore in my closing sentence, may I appeal to you to join with us in striving on to finish the work that we are in—not in isolation but in harmony with the nations of the world—but so far as you and we are concerned, nation with nation, people with people, and I still venture to hope, government with government.

## AMERICA'S PART IN INTERNATIONAL COOPERATION

WILLIAM MARTIN

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THE war is over. This is the lesson which I believe emerges from the events of the last few months—from the Locarno Conference, and in spite of its disappointing results, from the special Assembly of the League of Nations. Do not put your faith in those who tell you that Europe dreams of new adventures; she is sick of war and hates victory almost as much as defeat. Do not believe those who speak of the century-old hostility between France and Germany. That is of the past. Never in history have peoples gone to war because of old grievances. Far from being opposed, many of the interests of France and of Germany are identical, and the two countries will become more closely united, under the pressure of economic necessities.

The real worries of Europe to-day lie elsewhere. As you kindly asked me to speak to you of the collaboration of the United States with Europe, I should like, without presuming to advise you in any way, to show you how the misfortunes of the European peoples may interest America.

The war may be ended in the field of politics; unfortunately, its economic and social consequences have not yet been overcome. The war gave rise to an extraordinary development of the productive power of European industry. All the countries built new plants to feed their military and civil populations, in order to be independent of their neighbors and enemies. These industries attracted a large working population to the cities. To-day these workmen demand employment; this industry requires outlets. But outlets are not to be found anywhere. Overseas countries, deprived of European products for five years, have become manufacturers of their own raw materials. Europe, on the other hand, by spending lav-

ishly for five years her wealth and manhood, destroyed her reserves of goods and of riches which had accumulated by the savings of three generations during a century of technical development. To-day her production has increased, her consumption has diminished. The miners' strike in England has, fundamentally, no other cause.

What has been the result? First, unemployment in several countries. The unemployed cannot be allowed to starve. They must be fed by means of the national savings. Unemployment, a new type of war waste, ends by destroying the collective savings and by lowering the standard of living of European peoples, already so low in comparison with the American level.

There are only two methods of solving the problem of unemployment: the export of goods or of men. It is difficult or impossible to export goods. Each country closes its boundaries to protect the home market for its own industry. It is even more difficult to export men, as the whole of Europe, with the possible exception of France, has a surplus of labor and overseas countries have restricted immigration.

Let me be quite frank. It is not for me to judge the policy of your country. But I wish to show you the results for Europe of the restriction of immigration. Europe has always had a surplus of labor. Formerly this surplus flowed to the American continent, and emigration preserved, more or less, a state of equilibrium. Now this safety valve no longer exists for us, and if the boiler sometimes appears to be on the point of bursting, it is because there is no escape for the excess steam.

I am convinced that the majority of European troubles, which so amaze you and which often amaze us, are due to the fact that our people cannot migrate freely as in former times. Without the restriction of emigration enforced during the war by the British government, and the restrictions applied here after the war, Ireland would never have had enough men to rebel and become free. Had it not been for these restrictions, Facism would never have taken on in Italy that international character displayed in the recent speeches of M. Mussolini.

Europe is producing more than before 1914. In spite of war losses she has more labor. She can export neither men



nor goods. Europe finds herself enclosed in a vicious circle, exactly the reverse of the situation in your country.

What is the solution? Our whole future depends on that question. All European countries tried at first to save themselves by national measures. Their efforts failed. To-day the majority of the countries begin to understand that each is helpless against the forces which dominate and crush her. Only by measures of an international character, applied in common, may a solution be found. To-day, the interests of one country are so entangled with those of others that a people who wished to isolate themselves in the full sense of the word, if they would accept no limitation of sovereignty and refuse to exercise any influence over other peoples, would soon disappear off the face of the earth.

This lesson applies not only to one continent but to the whole world. Continents are purely geographical conceptions. Europe is not an entity, either in the political, the economic or the moral sense. I am not sure, in spite of the Pan-American movement, that one can say that America is an entity and that your country is more closely bound to Mexico, Chile and Brazil, than to England, France and Germany. Moreover, I am convinced that intercontinental problems would arise the very day that each continent succeeded in attaining unity.

The people of the United States may not have the feeling of that interdependence of all peoples and of all continents, because, thanks to their power, their situation and their resources, they are as a matter of fact less dependent than any other people. But that independence does not lessen your responsibilities; for, each of your actions has a profound influence on other countries. Your aloofness had graver consequences for the European peoples than your active participation would have brought. That is the case, for example, with the League of Nations, whose development during the first six years has been dominated by the fact that America was not a member. It is not for us to say to the people of this country what they should do in any particular case. But I think you may not object if I say that Europe has a desire, which is almost a right; it is that the American people, when they have to take some decision, should not overlook the fact that Europe

will be either the victim or the beneficiary. The decision, I am sure, will be the best if, in reaching it, every element of the problem is considered.

That is just why I feel so grateful to the organizers of the exceedingly interesting gathering we have just had at Briarcliff Lodge. I came here from a place where we can see every day the advantages and the necessity of international collaboration. There were no less than sixteen meetings at Geneva this very month of May. The results of all these gatherings may not seem very practical. They all contribute, nevertheless, to better understanding among nations and to the final triumph of international cooperation. The ways of God are long and international progress is very slow. But we know that the new world cannot be built in one day.

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## AMERICA'S PART IN INTERNATIONAL COOPERATION

FRITZ SCHOTTHOEFER

Foreign editor, *Frankfurter Zeitung*, Frankfurt a. M. Germany

[In introducing Mr. Schotthoefer, the Chairman, Mr. Elihu Root, said:—I am sure that the members of this assemblage fully represent the general spirit of America in desiring, earnestly desiring, that the war may close by the return of Germany to her former position of equal and respected participation in international affairs and in the renaissance and growth of general international friendship. I will ask you, in expression of this sentiment, to rise and to unite in receiving the representative of Germany in this international conference in the person of Mr. Fritz Schotthoefer, the foreign editor of the *Frankfurter Zeitung*. (The audience arose and applauded.)]

A MERICA'S part in international cooperation is in my opinion the most important problem of the present time. Since my arrival, and while attending this most interesting conference, which I should like to see renewed on a still larger scale on the other side of the Atlantic, I have noticed that a great many Americans are not yet satisfied with the part that the United States is taking in international affairs. I remember with a great deal of pleasure the eloquent speech of Professor Hudson on the subject of the relation of America to the International Court of Justice at the Hague. It is my opinion that this part is not so small as it may appear if you look only on the official conferences or formal negotiations during the recent years. Even these have been very important. I need not mention in detail what the government of the United States has done.

Even without official participation, America is continually exercising a great influence in the whole world, and particularly in the evolution of Europe. America does not always interfere, but she is always present. You know that in astronomy

it is possible to determine the position of a yet unknown planet merely by its attraction and repulsion of other planets. That is the case with the United States. It is certainly one of the biggest centers of gravitation in this world. Whatever statesmen and peoples do in Europe or Asia, they constantly look with one eye—I hope it will always be the right eye—at the American continent. They feel there is something which cannot be neglected, which must be seriously taken into account. What will America think about this or that, and what will she do? I may be allowed to state here that sometimes it is impossible to foresee what attitude will be taken on this side of the Atlantic. And not infrequently we have met with a silence which could be interpreted in many ways.

In saying this, it is not my intention to give a lesson to America. We are convinced that she has serious reasons for everything that she does. To follow any capricious idea rushing through the brain is the last thing which could be expected from the Americans. America knows what she wants. That is a great advantage for her. But it is also an advantage for us. We have the certitude that she will come into action only when she has earnestly examined the situation, and that then she will do something of real and practical value.

In this place I can give only my personal opinion. I know that perfectly well. I am German, but I would not venture to speak on behalf of the German people. I leave that to the men who have been charged by the German nation to take care of its interests. But what I may say is this: We appreciate highly the work of America in the recent development of European affairs. Without American financial intervention in the reparation question, Europe would not yet have succeeded in overcoming the dangerous crisis in which we lived since the end of the war. The settlement of the reparation question opened the way to Locarno, which may lead us to complete pacification. And peace in Europe means peace throughout the world.

## THE SIGNIFICANCE OF THE CONFERENCE<sup>1</sup>

NICHOLAS MURRAY BUTLER

President, Columbia University; President, Carnegie Endowment for  
International Peace

[In introducing President Butler, the Chairman, Mr. Elihu Root, said:—If the Chair were required by the duties of his office to select that apparently much needed international officer, a traffic policeman, for the crossing at the North Pole and for all other international crossings, whether at Briarcliff or Geneva, at Washington or in Europe, the Chair would endeavor to select the man with the most thorough knowledge and understanding of the characters, the traditions the predilections of all the peoples of the civilized world, with the most unselfish devotion to the welfare of them all, and with the most keen and far-reaching vision of the possibilities of the future of civilization, and he would name for that office Nicholas Murray Butler (Applause) who will close this meeting not when he begins but when he concludes his remarks. (Applause).]

**I**T only remains, and in a very few sentences, to close this significant and, I think, noteworthy conference.

I arrived from another engagement in time to hear one happening which greatly cheered me and one which brought me some depression. I arrived in time to hear my friend, Mr. Harris, make a veiled allusion to a historic person who went down from Jerusalem to Jericho and had something happen to him. I observed from the laughter and applause which filled the obvious vacuum in his remarks that knowledge of the English Bible is not wholly extinct among us. That cheered me.

And then I arrived in time to hear my friend, Dr. Martin, engage in his struggle with the English language. I have been told and taught that the English language is unconquer-

<sup>1</sup> Address delivered at the conclusion of the National Conference on International Problems and Relations, at the Hotel Astor, New York City, May 14, 1926.

able, but in Dr. Martin's case, he came, he spoke, he conquered. (Applause).

On behalf of those who have been associated in the arrangement of this conference, I wish first to thank the distinguished representatives of journalism in Europe who have come to us with messages so eloquent, so helpful, and so enlightening; and I wish at the same time to express our pleasure that a notable company of representatives of American journalism, recruited from all parts of the United States, have been able to spend these four days together not only in listening to formal papers and in participating in active and vivid round-table discussion, but in establishing those close personal contacts and in carrying on those intimate personal conversations which constitute, after all, the chief benefit of such a gathering as this.

The results of it will, we trust, be seen over the years, as those who write and speak to their several peoples reflect in their writing and their speaking the information that has been gained, the insights that have been had, the stimulus that has been acquired.

Unless I mistake, two conclusions have come out of it all which are fairly obvious. The first I draw from the papers and discussions on the subject of disarmament, and that conclusion is this: that the whole center of gravity in respect to that problem has shifted in recent years, and that we have now to study and reflect upon a problem which arises not primarily any longer out of armies and navies, but out of the great air forces and the resources and inventions of modern chemical industry. And the difference due to that shift of interest and importance is this: armies and navies are obviously military, at least in ultimate purposes; air forces and chemical industry are not, they are part of the organization and apparatus, perhaps the necessary organization and apparatus, of modern industry, and yet they may be transformed in the twinkling of an eye into the deadliest instruments of combat.

Does not that indicate once more, Mr. Chairman, that the path to peace is less likely to be found through limiting the instrumentalities of war than by the slow, steady building of that will to peace which lies behind all instrumentalities and bends them to its high and convinced purpose? (Applause).

A second conclusion which seems to me to emerge, par-



ticularly from the brilliant papers of Wednesday evening and the discussions that followed upon them, is the fact, recognized often before and in other spheres, but here emphasized with extraordinary power and convincing clearness, that another center of gravity has moved from questions of pure politics to questions of pure economics. We are hereafter, whether working in the sphere of liberty or in the sphere of government, to concern ourselves more than we ever have before with problems arising out of the distribution of raw materials, their interchange, and with those multifarious foreign trades and commerces that are the outcome of our industrial civilization.

Without knowing it, a very large part of the world has for generations been living on its capital. It has been settling in new and apparently inexhaustible territory. It has been using up newly discovered and apparently endless resources. But as the older countries find these problems which have been discussed just now to press heavily upon them, as their peoples are less free than they once were to move about the world, and as the newer countries, including our own, become more fully settled and the area of free and exploitable land so notably diminishes, we all alike begin to feel the pressure for cooperative economic enterprise and organization. Unless I greatly mistake, that very system of continental and internal free trade which has built up the United States and made its prosperity possible will point the way and lead the way to other similar organizations and federations, and when they have been accomplished, provided they are successful, our successors a generation or two hence will have the larger and ultimate task of finding some formula for the organization and integration of them all.

To my thinking, Mr. Chairman, these are the two outstanding lessons of this conference.

There is one other lesson which grows out not alone of this conference but of every similar conference. It reminds me of a story which used to be told by Mr. Gladstone relating to his famous visit to Pope Pius IX. Mr. Gladstone put to the Pope this very searching question. "Your Holiness," he said, "during the past thousand years, Europe has seen every sort and kind of political, social, and economic turmoil. It has seen revolution after revolution. Dynasties

have risen and fallen. Philosophies have come and gone. Peoples have passed from one end of the civilized earth to the other. But this church of which you are the head has remained steady as a rock through it all, maintaining its unity and its power. How do you explain it?"

And Mr. Gladstone said that the Pope looked at him kindly and replied: "I explain it by three things which we have consistently done. The first is consultation, the second is consultation, and the third is consultation."

Mr. Gladstone used to say that he came away from that conference with a new insight into the significance for the institutional life of man of that persistent conference, consultation, kindly comparison of view, asking of questions, unburdening of difficulties, stating of problems, which are the rational man's way to approach a difficulty with his fellow.

And may I, Mr. Chairman, remind you that the first conscious act of the American people was an act illustrating the full meaning of international cooperation, for when their representatives put their hand to the Declaration of Independence, they did so out of "a decent respect to the opinions of mankind." A higher cooperation than that no nation can promise, no nation can offer, no nation can give. (Applause).

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